

RESPONDENCE

9432

BY

S. M. NAGAMIA, B.A. (Hons.) (Lond.)

*Sydenham College of Commerce & Economics
Bombay*

AND

J. C. BAHL, B.A., M. Com.

*Sydenham College of Commerce & Economics
Bombay*

HIND KITABS LTD.
PUBLISHERS BOMBAY

PRINTED BY DHIRUPHAI DAXAL, AT THE ASSOCIATED ADVERTISERS
PRINTERS LTD., 505, ARTHUR ROAD, TARDEO, BOMBAY. 7 AND P
BY V. KULKARNI, HIND KITAS LIMITED, 261-263 HORNEY ROAD,

PREFACE

An apology is needed for adding yet another to the large number of books that attempt to deal with the subject of Business Correspondence. We offer several pleas in defence of our effort.

Nearly all the existing books on the subject are written by foreign writers, and are intended primarily for readers of their own countries. These books, though excellent in many ways, do not serve adequately the needs of Indian readers. This book is designed chiefly for Indian students and business men, and intended to meet their special requirements and the conditions obtaining in India.

We are, of course, not oblivious of the few books on the subject written by Indian authors. These, however, are either elementary, sketchy, or narrow in scope. As far as we know, ours is the first book by Indian authors that is both exhaustive and advanced.

A perusal of books on Business Correspondence by authoritative British and American writers will reveal the difference between their methods of approach to the subject. Generally speaking, the British method is extensive, the American method intensive. British books, consequently, consider the subject under a long list of headings, such as Inquiries, Quotations, Import Trade, Export Trade, Settlement of Accounts, Agencies, Secretarial Practice, Insurance, etc. American books, on the other hand, usually treat the subject under only three main divisions, namely, Sales Letters, Collection Letters, and Letters regarding Adjustment of Complaints, but deal with each of the divisions very exhaustively. As each method has its own merits, we have incorporated both of them in this book. Thus our division of the subject is after the pattern of British books; but like American writers we have treated at considerable length Sales Letters, Collection Letters and Ad-

just ment Letters, topics which are often perfunctorily considered by British writers.

It is said that the American style of business correspondence, by virtue of its freshness and vitality, is better than the British style, which is generally formal, hackneyed and insipid. In our opinion, however, if the British style is defective on account of its excessive conservatism, the American style suffers from a degree of informality which frequently borders on impertinence. For the letters given in this book, therefore, we have adopted a style which is a compromise between the American and the British styles, that is, one which is neither too formal, nor intimate to a fault.

Another special feature of the book is that it explains the principles as well as the practice of Business Correspondence. Each chapter is divided into two parts, the first expounding the principles, and the second illustrating the practice by means of specimen letters. In this respect the book is unlike many others which give only a number of specimen letters, leaving it to the readers to deduce the principles on which they are based.

All the more important chapters in the book, such as those on Agencies, Export and Import Trade, Banking, Insurance, and Secretarial Correspondence, have been gone through and approved of by appropriate authorities from amongst leading business and professional men.

A large number of letters appearing in the book, with the exception of those of a general nature, are copies, with disguised names and addresses, of letters taken out of the files of well-known Indian and foreign firms. These can, therefore, be regarded as representative of the modern business practice.

As the book covers the syllabuses in Business Correspondence for the Intermediate Commerce and the B.Com. Examinations of the Bombay and other Indian Universities and for examinations of the Indian as well as the British Institutes of Bankers and also of London Chambers of Com-

merce and Indian Merchants Chamber, it will serve as a textbook for students preparing for these examinations. It is likely to prove of great practical value to them as in selecting and arranging its subject-matter we have been guided by our long experience as University teachers and examiners.

Inasmuch as the book contains, within its small size, a large amount of information on various branches of commerce, we hope that it will serve as a useful reference book to business men as well, who will not have to hunt, in specialized publications, for the variety of facts gathered in it. We shall also not be surprised if business executives who have glanced through its contents encourage their staff of the correspondence departments to study it carefully.

In compiling the book we have had recourse to many sources of information and to a large number of books, particularly those published by Sir Isaac Pitman & Sons, Ltd. To these we acknowledge our immense debt. We also gratefully record our indebtedness to the firms who allowed us to make use of their files of correspondence and to reproduce some of their letters. More especially do we express our deep appreciation of the assistance rendered to us by Mr. V. H. Vora, B.Sc., F.I.A., Life Manager & Actuary, New India Assurance Co. Ltd., Mr. Satya Dev, M.A., Deputy General Manager, the Bank of Bikaner Ltd., Mr. M. B. Rane, Secretary, The Jayabharat Insurance Co. Ltd., Mr. J. N. Ahuja, M.A., B.Com., Chief Accountant, Reserve Bank of India, and Prof. M. P. Gandhi, M.A., LL.B. who took the trouble of going through parts of the manuscript and making useful suggestions. Our thanks are also due to Mr. B. K. Chopra for helping us in collecting materials for the manuscript.

We shall be glad to receive, especially from teachers and business men, suggestions for improving the subsequent editions of the book.

TABLE OF CONTENTS

CHAPTER I. INTRODUCTION	1
Importance of business letter—Physical aspects of a business letter—paper—typing—folding—envelope	
CHAPTER II. STRUCTURE OF THE BUSINESS LETTER	6
Heading—Date—Inside address—Salutation—Body—Complimentary close—Signature—Enclosures—Superscription—Postscript—Table showing the forms of inside address, salutation, complimentary close, for various types of customers	
CHAPTER III. BODY OF THE BUSINESS LETTER	27
Opening paragraph—Use of headlines—Main communication—Division of the letter into paragraphs—Sub-headings—Should a business letter treat of only one subject—One paragraph letters—Use of I or we—Closing paragraph—Participle endings	
CHAPTER IV. ESSENTIALS OF A GOOD BUSINESS LETTER	36
Correctness—Clearness—Conciseness—Courtesy	
CHAPTER V. "COMMERCIAL ENGLISH" ..	44
What is commercial English—Growth and Decline of commercial English—Some examples—Pros and cons	
CHAPTER VI. ENQUIRIES AND REPLIES ..	51
General—Occasions on which letters of enquiry are sent—To whom should enquiries be addressed—Hints on writing letters of enquiry—Enquiry form—Replies to enquiries—Hints on drafting replies to letters of enquiry—Correspondence arising out of letters of enquiry—Terms used in quotations	
Specimen Letters	57-70

CHAPTER VII. ORDERS	71
General—Order for goods—Order form—Orders by telegram—Acknowledgement—Cancellation—Execution—Inability to execute	
Specimen Letters	77-91
CHAPTER VIII. TRADE REFERENCES AND STATUS ENQUIRIES	92
General—Trade references—Bank reference—Following up references—Precautions to be taken against fraud—Status enquiry agencies—Chambers of commerce—Rights and responsibilities of referees—Replies to status enquiries	
Specimen Letters	96-106
CHAPTER IX. COMPLAINTS AND THEIR ADJUSTMENT	107
General—Occasions for complaints—Letters of complaint—Replies to letters of complaint	
Specimen Letters	110-122
CHAPTER X. COLLECTION LETTERS	123
Introduction—Collection methods—Credit Manager—Collection routine—Writing of collection letters—Replies to collection letters—Form letters	
Specimen Letters	131-147
CHAPTER XI. CIRCULAR LETTERS	148
Introduction—Occasions on which circular letters are sent—Establishment of a new business—Admission of a partner—Removal to new premises—Death or retirement of a partner—Conversion of a partnership into a joint-stock company—Granting of power of procuration—Obtaining an agency—Clearance sales	
Specimen Letters	158-162

CHAPTER XII. SALES LETTERS 163

Introduction—Sales letters *v.* salesman—Parts of a sales letter—Various types of appeals—The “you” attitude—Arrangement of the subject matter—“Follow-up” letters—Drafting follow-up letters

Specimen Letters 171-182

CHAPTER XIII. IMPORT TRADE CORRESPONDENCE 183

General — Indent Houses — Indent business — Foreign export houses—Enquiries and quotations —The order or indent—Shipping the goods—Securing goods from ship—Bonded warehouses—Clearing Agents

Specimen Letters 188-212

CHAPTER XIV. EXPORT TRADE CORRESPONDENCE 213

Introduction—Exports against orders or on consignment — Receiving an order — Packing and marking—Obtaining of freight and shipping order —Customs formalities—Loading the goods—Obtaining mate’s receipt—Bill of lading—Insurance—Certificate of origin—Invoice—Securing payment

Specimen Letters 218-224

CHAPTER XV. CORRESPONDENCE RELATING TO AGENCIES AND COMMERCIAL TRAVELLERS 225

Introduction—Commercial travellers—Branches —Agents—Terms of agency—Applications for agencies—Offer of agencies—Letters to travellers

Specimen Letters 228-243

CHAPTER XVI. INSURANCE CORRESPONDENCE: GENERAL PRINCIPLES AND LIFE INSURANCE 244

Introduction—Principles underlying insurance—Fundamentals of insurance—Indemnity—Insur-

able interest—Principal forms of insurance—Life assurance—Kinds of life policies—Procedure for taking out a life policy—Rates of premium—Surrender value—Assignment—Nomination—Claim

Specimen Letters 2

CHAPTER XVII. INSURANCE CORRESPONDENCE (continued): FIRE INSURANCE..

Nature of the contract—Tariff and non-tariff offices—Kinds of fire policies—Taking out a fire policy—Making a claim—Assignment

Specimen Letters 2

CHAPTER XVIII. INSURANCE CORRESPONDENCE (continued): MARINE INSURANCE

What is marine insurance—Place of marine insurance in commerce—Insurable interest—Losses—Kinds of marine policies—Lloyd's and marine insurance companies—How marine insurance is effected—Assignment—Settlement of claims

Specimen Letters 2

CHAPTER XIX. BANK CORRESPONDENCE. . .

Functions of a bank—General types of accounts—Granting of loans and overdrafts—Security for loans—Issuing of letters of credit—Bankers' drafts—Characteristics of bank correspondence—Classification of bank correspondence—Letters between a bank and its customers—Letters from the Head Office to its branches—Letters from branches to the Head Office—Letters from one bank to another—Form and individual letters

Specimen Letters 3

CHAPTER XX. SECRETARIAL CORRESPONDENCE . . .

Secretary and his duties—Classification of correspondence—With the directors—With the share-

CONTENTS

holders—With the staff—With the Registrar of Companies

Specimen Letters 337-388

CHAPTER XXI. APPLICATIONS FOR APPOINTMENTS 389

General—Structure of the application—Applications on prescribed forms—Applications containing paragraph headings—‘Stunt’ or ‘Live wire’ applications—Testimonials—References

Specimen Letters 396-405

INDEX 407-408

CHAPTER I

INTRODUCTION

Importance of the Business Letter.—Time was when business was generally a one-man show. Every trader plied his trade in a small area, knew his customers personally, and dealt with them face to face. He seldom sent out business letters: but when he did so, he wrote them in longhand with a quill-pen. In those days there were no typewriters, no stenographers, and no dictaphones. Fast mail trains, steamers and aeroplanes did not then carry letters over vast distances in a short time. Today all that is changed. The increase in the means and speed of transport and communication, and in the number of instruments that science has placed at the service of commerce during the last hundred and fifty years, has led to an enormous expansion and a great diversity of national and international trade and industry. Significant in this picture of commercial progress is the part played by the business letter. Today by far the greatest part of the world's business is done by means of the business letter and in millions of transactions daily throughout the civilized world contact between the business man and the customer is made through the same channel. Many and invaluable, indeed, are the services it renders. To mention only a few, goods are bought and sold, debts are collected, credit is obtained, complaints are adjusted, misunderstandings are cleared up and the goodwill of customers is gained and held by the modern business man through the medium of the letter. Small wonder, therefore, if the business letter is regarded as one of the vital forces in the present-day world of commerce.

The writing of effective business letters, however, is not an easy task. Indeed, some people are of the opinion

that writers of business-getting letters, like poets, are 'born, not made'.

We, however, do not subscribe to this view. It is true that some persons are endowed by nature with a special flair for writing effective business letters, but even these persons need training to profit fully by their gift. On the other hand, it is within the reach of the average man to attain a high degree of proficiency in letter-writing by learning carefully and putting into practice the principles underlying the art. In fact, experience has shown that success in the art of writing business letters is attained more by "the capacity for taking infinite pains", than by inborn talent unsupported by application and perseverance.

Physical Aspects of the Business Letter.—All persons are in some measure influenced by appearances and many are altogether led away by them. The "dress" of the letter is, therefore, as important as its contents. Faults in its physical make-up reduce considerably its chances of winning favourable attention. A letter that speaks of the high quality of the goods it attempts to sell must reflect that quality in the paper on which it is written, in the design of its letter-head, in the immaculate neatness with which it is typed and in different other ways; for it is its physical appearance that forms in the mind of its reader a sub-conscious picture of the character of the business firm whose name appears at the top.

No less a genius than Shakespeare has stressed the importance to men and women of dressing well, as may be seen from the following quotation:

"Costly thy habit as thy purse can buy,
But not expressed in fancy; rich, but not gaudy;
For the apparel oft proclaims the man."

—Hamlet

The advice that the poet gives is applicable to the "dress" of the business letter as well.

The paper on which the letter is written should be of as good a quality as the writer can afford ("costly thy habit as thy purse can buy").

A firm is often judged by the physical appearance of its letters. Therefore, every business house should look upon the get-up of its letters as a matter of vital importance ("the apparel oft proclaims the man").

The letter must conform in every respect to established commercial usage. Nothing about it should be odd or fantastic ("not expressed in fancy").

The colour of the letter-paper and the design of the letter-head should not be gaudy and over-ornate ("rich but not gaudy").

We shall now deal in detail with those aspects of the business letter which have a bearing on its physical appearance.

1. **PAPER:**—(a) **Quality:** The need for using paper of a good quality in commercial correspondence can hardly be over-emphasized. Cheap paper definitely harms the prestige of the firm using it. On the other hand, letters typed on paper of a superior quality make the name of the firm sending it a pleasant and often a lasting memory. Wise business men, therefore, use the best stationery they can buy and regard its cost as a good investment. It is surely false economy to 'lose the ship for a halfpenny-worth of tar'.

(b) **Colour:** White is the best colour for paper to be used in business correspondence, and it is deservedly popular. It is dignified, makes for ease in reading, and suits all kinds of business. The ribbons of most typewriters are black or purple; on white paper these colours show up better than on paper of any other colour. Nevertheless, there can be no objection to the use, by a firm, of coloured paper appropriate to its trade. For example, a house specializing in the sale of lavender water may appropriately choose mauve paper. If tinted paper is used, it should be of a light shade, and the colour of the typewriter ribbon should harmonize with it.

(c) **Size:** The sizes of letter-paper commonly used in business in Great Britain and the U.S.A. are as follows:—

In Great Britain:

- (i) 8×10 inches (standard size). This size is generally known as "quarto". Printers call it a "Large Post Quarto".
- (ii) 5×8 inches (for short communications or memoranda).

In U.S.A.:

- $8\frac{1}{2} \times 11$ inches (standard size).
 - $5\frac{1}{2} \times 8\frac{1}{2}$ inches
 - $7\frac{1}{4} \times 10\frac{1}{2}$ inches
- } These sizes are preferred
by some firms

The sizes of letter-paper used in India are either those used in Great Britain or those used in the U.S.A., especially because standard typewriters and copying machines in use here approximate to the above-mentioned dimensions.

There are, of course, many other sizes of paper which are used for specific purposes. Messrs. A. & F. Pears, of Pears Soap fame, have a very dignified note-paper, 11 inches by 9 inches, which they use on special occasions. Some business houses use stationery of note-paper size, for writing business letters to women. It is also considered desirable by some business houses to write letters on the same size of paper when they intend to convey the idea of personal attention. Foolscap paper is often used for letters addressed to Government Departments.

2. Typing: A firm that conducts its correspondence by hand is sure to be regarded, nowadays, as antiquated. The typewriter has superseded the pen, not merely because the typewriter is a great time-saver, but also because the appearance of a neatly typed letter is more pleasing than that of a hand-written letter. The expression "neatly typed" is used here on purpose, because even the best paper and the most artistically designed letter-head cannot guarantee a pleasing appearance to a letter unless the typist does his part well. A clumsily typed letter brings discredit upon the firm sending it out. It pays, therefore, to employ an efficient typist even at a salary somewhat above the average and provide him with a good typewriter and ribbons of superior quality.

3. **Margins.**—The margins of a business letter are nearly as important as the frame of a picture. They add to the attractiveness of the letter. Some firms leave in their letters very small margins to the right and to the left of the typed matter, as well as at the top, and none at the bottom. This practice is to be deprecated because it makes the letter look shabby and crowded. There should be margins of reasonable width on all the sides of the typed matter, i.e., at the top, bottom, right and left. The margin to the left-hand side of business letters should be at least one inch wide and that of official letters written on foolscap paper $1\frac{1}{2}$ to 2 inches.

4. **Folding.**—The folding of the letter should be done in such a manner that it has the minimum number of folds and the envelope does not look bulky. Carelessness in this respect gives the letter an appearance of disorder which does not evoke a favourable response in the recipient.

5. **Envelope.**—The envelope should correspond with the letter-paper not only in colour and quality, but also in size. For example, letter-paper of quarto and octavo sizes should preferably be enclosed in envelopes measuring $5\frac{1}{2}$ \ \ $3\frac{1}{4}$ inches.

CHAPTER II

STRUCTURE OF THE BUSINESS LETTER

A business letter usually consists of the following parts:—

1. The Heading.
2. The Date.
3. The Inside Address.
4. The Salutation.
5. The Body.
6. The Complimentary Close.
7. The Signature.

1. **The Heading.**—This mainly contains the name and postal address of the sender of the letter, and frequently other particulars such as description of the business, the telephone number, the telegraphic address, etc. It may also give the cable address and the name of cable code used, if the business has foreign connections. The letter-head of a large concern may give addresses of its branches: similarly, that of a branch may give the address of the head office. A limited company must add the word "limited" to its name and give its registered address. If a letter is sent from a special department, e.g., the Secretary's Office, the Advertisement Department, etc., the name of that department may also be given.

As a rule the heading is printed at the top of the letter-head, and usually occupies two lines, the first, printed in bold type, giving the name of the concern, and the second, printed in smaller type, describing the nature of the business. The telephone number, the telegraphic address, the name of the code used, etc., appear either in the left hand or right hand top corner.

The lay-out of the heading is really the work of the commercial artist. Therefore, the intelligent business man,

who understands the advertising value of an attractive letter-head gets it designed by such an artist, instead of preparing it himself.

At times, the letter-head is highly ornate. It may contain a motto or slogan, be illustrated with a monogram, trademark or other design, or a picture of a factory or business house, and be printed in more colours than one. But the modern tendency is towards simplicity and neatness and not towards overcrowding. A few specimens of modern letter-heads are given below:

Telegrams:

BOMBAY
DEOLALI
AJMER
MHOW } 'BUIDENGER'

Telephone : { Office 22810
Residence 88231.

MANGALDAS N. VERMA

BUILDER & CONTRACTOR

MUSTAFA BUILDING, SIR PHEROZSHAH MEHTA ROAD

FORT, BOMBAY.

Cablegrams :

"BOND PAPER" BOMBAY.

Codes : { BENTLEY'S
UNIVERSAL
A. B. C 6th ed

J. B. ADVANI & CO., LTD.

ESTD. 1908

MANUFACTURERS' REPRESENTATIVES

Head Office :—KARACHI.
Branches :—Bombay, Madras, Lahore
& Calcutta.

27, Mangaldas Road,

BOMBAY, 2.
(INDIA)

TIME-LIFE

EXECUTIVE OFFICES

International

TIME & LIFE BUILDING, ROCKEFELLER CENTER, NEW YORK.

2. **The Date.**—This consists of the day and name of the month and the year in which the letter is written. It may be written either below the name of the town or after the name of the town in the same line, and should always be that on which the letter is written and posted.

In the United Kingdom the usual method of indicating the date is to write the day of the month with *st*, *nd*, *rd*, *th*, as the case may be, and follow it by the name of the month and the year, e.g., 29th April, 1943. In the United States of America, however, it is customary to place the name of the month before the day of the month and not to write *st*, *nd*, etc., e.g., April 29, 1943.

The practice of writing the date as 3 '8/42 3.8.42, or 3-8-42 cannot be recommended as it would suggest that the writer was hard-pressed for time, but more especially because it would give rise to errors, particularly in foreign correspondence. For example, 3 '8/42 would mean to an American March 8, 1942; while British, Australian and Canadian correspondents would understand it as 3rd August, 1942.

The following are the recognized abbreviations for the months: Jan., Feb., Mar., Apr., Aug., Oct., Nov., and Dec. May, June and July are not abbreviated. Although such abbreviations may be used in routine letters, it is better to write the names of the months in full in sales and other important letters as it is considered more dignified. Similarly, the year should be written in full, e.g., 1933, and not '33.

3. **The Inside Address.**—This consists of the name and address of the party to whom the letter is written. A business letter may be written to (a) a private gentleman, (b) an unmarried woman, (c) a married woman, (d) a tradesman, (e) a professional man such as a doctor or a lawyer, (f) a firm, (g) a limited company, a corporation, etc. The correct method of writing the names and addresses of these various kinds of persons and business houses is shown below:—

(a) If the letter is written to a private gentleman, the inside address will consist of his full name, followed by

the word *Esquire* or its abbreviation *Esq.*, and his postal address, e.g.,

B. C. Madon, Esq.,
14, Park Street,
Calcutta.

(b) and (c) The name of an unmarried woman should be preceded by *Miss* and that of a married woman by *Mrs.*, e.g.,

Miss Joan Robinson,
7, Napier Road,
Poona.
Mrs. J. M. Brown,
The Cecil Hotel,
Simla.

(d) The name of a tradesman should be preceded by *Mr.* (but see note below) e.g.,

Mr. S. M. Rao,
Bookseller,
23, Girgaum Road,
Bombay, 4.

(e) *Esquire* or its abbreviation, *Esq.*, should always be used after the names of professional men, e.g.,

B. M. Sayed, Esq., M.B.,B.S.,
Lal Bazar,
Broach.
S. M. Shah, Esq., Bar-at-Law,
67, Warden Road,
Bombay.

(f) The word *Messrs.* (Fr. *Messieurs*) should be written before the names of firms trading under a personal title, e.g.,

Messrs. Khanna and Hariraj,
Neptune Building,
Hornby Road,
Bombay, 1.

Messrs. should not be prefixed to the names of firms trading under an impersonal title, e.g.,

The New Book Company
Booksellers and Publishers,
Hornby Road,
Bombay, 1.

If a title forms a part of the name of a firm or a limited company with a personal name, *Messrs.* should not be used before its name, e.g.,

Rai Bahadur Kedarnath & Sons,
Old Gate,
Rawalpindi.

Sir Isaac Pitman & Sons, Ltd.,
Kingsway,
London, W. C. 2.

(g) Some authorities are of the opinion that *Messrs.* should not be used with the name of a limited company having a personal name, if it is not part of the registered name of the company. This view, however, is not universally accepted and in actual practice *Messrs.* is frequently prefixed to the names of limited companies bearing personal names, e.g.,

Messrs. Kemp and Co., Ltd.,
New Charni Road,
Bombay, 4.

In the case of public limited companies and large corporations, it is usual to address letters to the General Manager, the Secretary, or any other responsible official, e.g.,

The Manager,
The Bank of India, Ltd.,
Esplanade Road,
Bombay, 1.

STRUCTURE OF THE BUSINESS LETTER

The Secretary,
Bombay Electric Supply & Tramways
Co., Ltd.,
Ormiston Road,
Bombay, 1.

The Deputy Transportation Superintendent,
G. I. P. Railway, Victoria Terminus,
Bombay, 1.

Notes on the use of (a) Mr. and Esq., (b) Miss, (c) Mrs.

(a) **Mr. or Esq.**—*Esquire* (abbreviated *Esq.*) is used in Great Britain, as a title of courtesy, after the name of any man who has no other title of distinction such as Dr., Rev., etc. In the past the use of *Esq.* was strictly confined to graduates of universities, members of the House of Commons, members of certain professions, and private gentlemen, i.e., those who were not yeomen, tradesmen, artificers or labourers. For this reason, it was then customary to address tradesmen as *Mr.* This practice is still observed to some extent, although the tendency nowadays is to use *Esq.*, without regard to the status of the person addressed.

In the United States of America the word *Esq.* has no such precise significance as it has in Great Britain, and in business correspondence it is less commonly used than *Mr.* but is often applied to the names of lawyers and Justices of the Peace.

When a man is addressed as Mr., Rev., Dr., Prof., Capt., Col., Lieut., Major, etc., *Esq.* must not be used after his name.

Right: Robert H. Brown, Esq.

Wrong: Mr. Robert H. Brown, Esq.

Right: Prof. S. G. Beri.

Wrong: Prof. S. G. Beri, Esq.

Esq. should never be used unless the Christian name or the initials of the man addressed precede his surname.

Right: A. B. Pandya, Esq.

Wrong: Pandya, Esq.

Letters denoting academic degrees, etc. should follow

Right. J. Smith, Esq., B.A.

Wrong: J. Smith, B.A., Esq.

(b) **Miss.**—This is prefixed to the name of an unmarried woman or girl not entitled to the prefix *Lady* or *Dame*. In modern use when *Miss* is prefixed to the surname alone, as *Miss Robinson*, it normally indicates the eldest (unmarried) daughter of the family; in referring to other unmarried daughters the Christian name is employed, e.g., *Miss Joan Robinson*. But for reasons of convenience the Christian names are often inserted or omitted without regard to this rule.

(c) **Mrs.**—This is an abbreviation of the word *Mistress*, and is prefixed generally to the surname of a married woman. In British usage the writing of a woman's Christian name after *Mrs.* (as *Mrs. Mary Smith*) is less common except in legal documents, cheques, etc., the normal practice being to write the husband's name and surname after *Mrs.* (as *Mrs. John Smith*). In the United States both these modes of designation are in general use. In India also many women insert their Christian names between *Mrs.* and their husbands' surnames, e.g., *Mrs. Sarojini Naidu*, *Mrs. Lilavati Munshi*.

(d) **Madame.**—This title is prefixed to the surname of a French married woman and is equivalent to the English *Mrs.* Its abbreviation is *Mmc.*

4. **Salutation.**—The salutation in a business letter is the counterpart of greetings like "good morning", "good day", etc., in social life. It is considered necessary by way of courtesy to the recipient and to avoid an abrupt beginning of the letter. The form of salutation to be used in a business letter will depend upon the personal relations between the writer and the addressee as well as upon the latter's position or rank. The following are the usual salutations used in business letters:—

Sir, Dear Sir, Dear Sirs, Gentlemen, Dear Mr.....,
Madam, Dear Madam, Mesdames.

Sir and **Madam** are used in official correspondence and many formal business letters, while *Dear Sir*, *Dear Sirs* and *Gentlemen* are customary in commercial correspondence.

Sir is very formal and not much used in business letters except in the following cases:—

- (1) When a small firm or a business man writes a letter to an important personage.
- (2) When a business man writes to the head of a Government Department. This is done with a view to falling in line with the practice of addressing the head of a Government Department, as *Sir* in official correspondence.

Dear Sir is the regular salutation in business letters in all cases where nothing more than a business relationship exists between the writer and the recipient of the letter.

Dear Mr. is used when the writer has personal acquaintance with the addressee and when he wishes to adopt a friendlier tone than that suggested by *Dear Sir*. Most business men, however, use the formal business salutation *Dear Sir* in all business letters.

Dear Sirs is the usual salutation in letters addressed to firms and companies.

Gentlemen is falling out of use except in letters addressed to boards of directors, committees or public bodies.

It may be pointed out that the singular form, *Gentleman*, is never used as a form of salutation.

Mesdames is used when the letter is addressed to a firm consisting of ladies trading under their personal names.

In circulars and sales letters, salutations such as *Dear Customer*, *Dear Reader*, *Dear Subscriber*, etc., are sometimes used.

5. **The Body of the Letter.**—This contains the message or the information to be conveyed to the addressee, and as such is the most important part of the letter. It is, therefore, dealt with in a separate chapter (Chapter III).

MODERN BUSINESS CORRESPONDENCE

6. **The Complimentary Close.**—This is a kind of courteous leave-taking, and consists of words which express the writer's regard for the addressee. The most commonly used forms of complimentary close are:—

Yours faithfully
Yours truly
Yours very truly

Yours faithfully is the most commonly used complimentary close in commercial correspondence and agrees with the salutation *Dear Sir* (or *Dear Sirs*) because these forms are neither too formal nor too intimate.

Yours truly is more informal than *Yours faithfully*. It agrees with *Dear Sir* and *Dear Sirs*. In U.S.A. *Yours truly* is the most frequently used complimentary close in commercial letters.

Yours very truly is more intimate than *Yours faithfully* and agrees with the salutation *Dear Mr.*

Yours obediently, **Your obedient servant** are not much used in commercial correspondence nowadays.

Forms of complimentary close such as *Very truly yours*, *Cordially yours*, *Very cordially yours*, though common in America in business letters, are not much in vogue in England and India.

The complimentary close should always be consistent with the salutation in *number*, *wording* and *style* and not be contradictory to it, e.g.,

Wrong—

Dear Sirs,

We are,
Dear Sir,
Yours faithfully

Right—

Dear Sirs,

We are,
Dear Sirs,
Yours faithfully

Wrong—

Dear Sirs,

We are,
Gentlemen,
Yours faithfully

Right—

Dear Sirs,

We are,
Dear Sirs,
Yours faithfully

Wrong—

Sir,

Yours sincerely

Right—

Sir,

Yours obediently

Wrong—

I am,
Yours faithfully,
Patel and Jani.

Right—

We are,
Yours faithfully,
Patel and Jani.

When the letter ends with a participle phrase such as "Hoping to get a favourable reply", care must be taken to insert "I am", "I remain", "We are", etc., between the participle phrase and the complimentary close, e.g.,

Wrong—

Trusting you will be able to deal with the matter quickly,
Yours faithfully

Right—

Trusting you will be able to deal with the matter quickly,
We are,
Yours faithfully

7. **The Signature.**—It is the last part of the letter and is placed after the complimentary close. It should be written by hand, and not typed, even if the letter itself is typewritten, and should be legible. Those who cannot write their signatures legibly should have their names typed below their signatures. If the name of the firm or company forms part of the signature, it may either be typed or imprinted on the letter with a rubber stamp. In that case the name of the person or official signing it should appear below the name of the firm or company.

The Legal Aspect of the Signature.—From a legal point of view, a signature is any kind of mark whereby the writer wants to designate himself. It may be a name or any kind of mark. The law does not care how it is written or made so long as it is clear that the writer wishes to designate himself by means of that name or mark. Where, however, several persons are associated for conducting a business, the law has something to say as to who shall sign the letter. For example, in a partnership, any partner may sign the name of the firm without adding any description to show which partner did it and he may thereby bind the firm if the letter agrees to do something that is within the scope of the business of the firm.

The following hints will show how letters emanating from various types of business concerns should be signed.

(a) **A Sole Trader.**—The signature of a sole trader consists of his real name or the assumed name under which he trades. For example, if K. Wadia trades under his own name, his signature will be:

K. Wadia.

If, however, K. Wadia trades under the assumed name of Johnson & Co. his signature will be:

Johnson & Co.

Note.—If the writer of a letter is a lady, she should preferably indicate by her signature whether she is married or single. This may be done by prefixing *Miss* or *Mrs.* in brackets before her name, for example:

(Miss) Tara Banerji.

(Mrs.) Sheela Banerji.

(b) **A Firm.**—Any one of the partners of a firm may sign letters on behalf of the firm. He may do this either (1) by writing only the name of the firm in his own hand or (2) by writing or typewriting the name of the firm and putting his own signature below the name of the firm. For example, if Mr. A. B. Patel, a partner in the firm of Jain, Patel & Co., signs letters on behalf of the firm, he may do so in either of the following two ways:—

(i) Jain, Patel & Co.

(ii) Jain, Patel & Co.

A. B. Patel.

In some cases a reliable employee of a firm is authorized to sign letters on behalf of the firm. This authority is delegated by the execution of a legal instrument known as a *Power of Attorney*. When an employee signs letters under such legal authority, he is said to sign *per procuratorem* (abbr. per pro. or p.p.) For example, if John Bull is so authorized to sign letters for Smith, Brown & Co., he will sign thus:—

per pro. Smith, Brown & Co.,	p.p. Smith, Brown & Co.,
John Bull.	John Bull.

All important letters are signed by the proprietor or a partner of the firm. But postcards and numerous brief routine or unimportant letters are often signed by a clerk or any other subordinate employee. He will type the name of the firm or imprint it by a rubber stamp and place his own signature or initials preceded by *per* below the name of the firm e.g.:

Johnson & Co.

per A. Parekh.

Mr. A. Parekh, instead of signing as above, may write *For* before Johnson & Co. and write his own name or initials beneath, e.g.,

MODERN BUSINESS CORRESPONDENCE

For Johnson & Co.,
A. Parekh.

This style of signature also indicates that it is not legally authorized.

(c) *A Limited Company*.—In the case of a limited company, some important official of the company such as the Manager, the Managing Director, the Secretary, etc., has usually the authority to sign letters on behalf of his company. This authority may result from the execution of a Power of Attorney or custom. The existence of legal authority is indicated by writing *per pro* as in the signature given below:

per pro. Kemp & Co., L'd.,
John Smith.

In modern commercial practice, however, *per pro*, is often omitted and the designation of the signatory is placed below his signature, thus:

The Building Materials, Ltd.
B. Kulkarni,
Secretary.

As the name of the company appears at the top of the letter-paper, it is sometimes omitted from the signature. In that case the correspondent simply signs his name at the end of the letter and gives his designation below it, e.g.,

B. Kulkarni,
Secretary.

If the name of the company is typed above the name of the individual, the company is considered legally responsible for the letter. In case the name of the individual is placed above the name of the company, the individual is considered legally responsible for the letter, e.g.,

Signature indicating the
responsibility of the
company.

Yours faithfully,
Kemp & Co., Ltd.,
A. Menon,
Sales Manager.

Signature indicating
individual
responsibility.

Yours faithfully,
A. Menon,
Sales Manager,
Kemp & Co., Ltd.

Enclosures.—If any enclosures accompany the letter, their presence may be indicated (i) by the addition of the word “Enclosures” or its abbreviation “Enclos.” or (ii) by the affixing of a bright coloured paper seal bearing the word “Enclosures” or its abbreviation “Enclos.” in the left-hand corner at the bottom of the letter.

The practice of indicating enclosures is of great help in a busy office where the despatch department cannot spare time to read each letter to see if any enclosure should accompany it. The indication of enclosures by any of the above methods is helpful also to the recipient of the letter as it enables him to check up the actual enclosures against those stated below the letter.

Superscription.—This word literally means ‘that which is written outside or above something’, and signifies, in commercial correspondence, the name and address of the addressee on the envelope. The superscription must be so accurate and complete that it enables the Post Office to deliver the letter to the addressee without any difficulty.

The addresses of correspondents in large cities, which are divided into several postal districts or divisions, should have, in addition to the name of the town, the number or designation of the postal district or division in which the address is situated, e.g.,

Bombay, 4.

London, E.C. 2.

If the addressee resides in a place outside India, the name of the country in which the place is situated should always be indicated in the address, e.g.,

Newcastle (England).

Newcastle (Australia).

With a view to avoiding the necessity of addressing envelopes, “Window” envelopes are sometimes used by business houses. A window envelope is an envelope with an opening or transparent “panel” in the front through which the address is visible. In case such envelopes are

used, the letters to be enclosed should be folded in such a manner that the Inside Address appears through the transparent "panel" or "window".

Postscript (abbr. P.S.).—This word, derived from the Latin word *Postscriptum*, means "written afterwards", and signifies an addition to a letter written after and below the signature. A letter with a postscript points to the slovenly thinking of the writer, for the intelligent correspondent thinks out what he wants to say before he begins to write, and says it above the signature. A postscript may be legitimately used, however, when the information to be conveyed comes to hand after the letter has been completed. To signify that the postscript is written by the writer of the letter and not by anyone else, it should always be signed or initialled by the writer. If more postscripts become necessary after the first has been initialled, they should be numbered "2nd P.S.", "3rd P.S.", etc. Postscripts should, however, be avoided as far as possible. It is better to rewrite the whole letter than to supplement it with postscripts.

DIAGRAM ILLUSTRATING THE STRUCTURE
OF A BUSINESS LETTER

(1) (The Heading)

(2) (The Date)

(3) (The Inside Address)

(4) (The Salutation)

(5) (The Body)

.....

.....

.....

.....

.....

.....

.....

.....

(6) (The Complimentary Close)

(7) (The Signature)

FORMS OF INSIDE ADDRESS, SALUTATION AND COMPLIMENTARY CLOSE FOR BUSINESS LETTERS

No.	Type of Addressee.	Example.	Form of Inside Address.	Salutation.	Complimentary Close.
1.	Sole Trader trading in his own name.	K. C. Marrot	K. C. Marrot, Esq.,	Dear Sir	Yours faithfully
2.	Sole Trader trading under an assumed name	Gilbert Smith & Co. (owned by A. B. Shah)	Messrs. Gilbert Smith & Co.	Dear Sirs	Yours faithfully
3.	A partnership with a personal name	Popatlal and Co.	Messrs. Popatlal & Co.,	Dear Sirs	Yours faithfully
4.	Partnership with an impersonal name	New Book Co.	The New Book Co.,	Dear Sirs	Yours faithfully
5.	Firm of Ladies with a personal name	Sheila & Leela	Mesdames Sheila & Leela,	Mesdames	Yours faithfully
6.	A Joint-Stock Company with a personal name	Kemp & Co., Ltd.	Messrs. Kemp & Co., Ltd.,	Dear Sirs	Yours faithfully

7.	A Limited Company with an impersonal name	The Bank of India, Ltd.	The Manager, The Bank of India, Ltd.,	Dear Sir	Yours faithfully
8.	A firm with a personal name having a title as a part of the name	Sir Isaac Pitman & Sons, Ltd.	Sir Isaac Pitman & Sons, Ltd.,	Dear Sirs	Yours faithfully

MODERN BUSINESS CORRESPONDENCE

STRUCTURE OF THE BUSINESS LETTER

FORMS OF ADDRESS, SALUTATION AND COMPLIMENTARY CLOSE FOR SOME SPECIAL TYPES OF CUSTOMERS

Type of Addressee.	Form of Address.	Salutation.	Complimentary Close
1. A Doctor	Dr. A. P. Gupta, or A. P. Gupta, Esq., M.D.	Dear Sir	Yours faithfully
2. A Major (I. M. S.) ..	Major K. L. Engineer, I.M.S.	Dear Sir	Yours faithfully
3. A Professor	Professor P. J. Thomas, M.A., B.Sc.	Dear Sir	Yours faithfully
4. Official of a Chamber of Commerce	The Secretary, Marwari Chamber of Commerce	Dear Sir	Yours faithfully
5. Judge of a High Court	The Hon'ble Mr. Justice K. L. Bhide	Sir	Yours obediently, or Yours respectfully
6. A Clergyman	*The Rev. T. S. Delvin	Rev. Sir	Yours faithfully
7. A Rao Bahadur or Khan Bahadur.	Rao Bahadur Anantram B. Desai, or Khan Bahadur Merwanji J. Antia.	Sir	Yours faithfully
8. A Knight	Sir Alexander G. Scott, Kt. (In the case of a Knight, his first name should be written in full)	Sir	I have the honour to be, Sir, Your obedient servant
9. The Mayor of Bombay	The Worshipful the Mayor of Bombay.	Sir	Your Worship's obedient servant
10. Member of the Indian Legislative Council	R. L. Gandhi, Esq., M.L.C.	Dear Sir	Yours faithfully

11. Member of the British Parliament	James Stewart, Esq., M.P.	Sir	Your obedient servant
12. Member of the Privy Council	The Right Honourable Shrinivas Shastri	Sir	Your obedient servant
13. The Income-Tax Commissioner	The Income-Tax Commissioner	Sir	Yours obediently
14. Post-Master General	The Post-Master General	Sir	Yours obediently
15. Indian Ruling Princes (General)	His Highness Raja Lakshman Singh, Ruler of Chamba State.	Your Highness	I have the honour to be, Your Highness's Most obedient servant
16. The Ruling Prince of Hyderabad (Deccan)	H. E. H. the Nizam of Hyderabad	Your Exalted Highness	I have the honour to be, Your Exalted Highness's Most obedient servant
17. The Maharaja of Baroda	His Highness The Gaekwar of Baroda	Your Highness	I have the honour to be, Your Highness's Most obedient servant
18. The Maharaja of Gwalior	His Highness The Maharaja Scindia of Gwalior	Your Highness	I have the honour to be, Your Highness's Most obedient servant
19. Member of the Royal Family (England)	His Royal Highness	Your Royal Highness	I have the honour to be, Your Royal Highness's Most obedient servant

* The title *Reverend*, usually contracted to *Rev.*, should never be used with the Surname only. Use the initials if they are known (The Rev. T. S. Delvin), but if they are not known use *Mr.* with the *Rev.* (The Rev. Mr. Delvin).

FORMS OF ADDRESS, SALUTATION, AND COMPLIMENTARY CLOSE FOR SOME
SPECIAL TYPES OF CUSTOMERS (*Contd.*)

Type of Addressee.	Form of Address.	Salutation.	Complimentary Close.
20. The King-Emperor	The King-Emperor's Most Excellent Majesty	May it please Your Majesty	I remain, with the profoundest veneration, Sire, Your Majesty's most faithful and dutiful servant
21. Governor of a Province in India	His Excellency Sir Roger Lumley, G.C.I.B., D.L., Governor of Bombay.	May it please Your Excellency	I have the honour to be, Sir, Your Excellency's most obedient servant

21. THE BODY OF THE BUSINESS LETTER

Body of the Letter:—This is the part which contains the message or information to be communicated by the writer of the letter to its recipient. It is really the most important part of the letter and, as such, deserves very careful study. In a way, the whole of this book deals with the consideration of how to write the body of different types of letters. The hints given in this chapter, however, are of a general nature, and applicable to most kinds of letters.

The body of the business letter usually consists of the following three parts :

- (1) The Opening Paragraph.
- (2) The Main Communication.
- (3) The Closing Paragraph.

(1) **The Opening Paragraph.**—This paragraph, as its name indicates, serves as an introduction to the letter. The wording of the opening paragraph will depend upon the nature of the letter and the circumstances in which it is written. For instance, if the subject of the letter is being broached for the first time, the opening paragraph should be such as would arouse the interest of the reader and induce him to go through the remaining part of the letter. This object can best be achieved by the use of language that is direct, emphatic, and not stereotyped. On the other hand, the opening paragraph of a letter continuing correspondence should commence with a reference to the letter that is being answered.

We give below a few examples of the opening paragraphs of letters which (a) open correspondence and (b) continue correspondence :

- (a) (i) We should like you to become acquainted with our new "Men's Shop" at Evans Fraser's, for we believe that this vast new extension of Men's service will bring you a pleasure in your personal shopping such as you have rarely experienced.
- (ii) With so many interesting and important books coming from the press these days, the problem of choosing what to read is not an easy one.
- (iii) If your activities include the use of wood working, appliances, it will prove to your interest to investigate the modern machines produced by "Crescent".
- (iv) We are about to place an order for our annual requirements in cardboard boxes and shall be glad to consider your quotations foretc.
- (b) (i) Your letter dated the 2nd September has reached us and is receiving our careful attention.
- (ii) We are pleased to learn from your letter of the 12th instant, just received, that you are interested in ladies' handbags.
- (iii) We thank you for your letter of the 1st January, containing an order for
- (iv) We are surprised to note from your letter of the 5th June that
- (v) I have to hand your inquiry of the 2nd May, and am glad to have the opportunity of sending you our latest catalogue.

Some correspondents give in the opening paragraph a summary of the letter to which they are replying. This practice is not to be recommended as it is likely to make the paragraph unduly long. The first paragraph should, as far as possible, be brief. We give below examples of a long but weak introductory paragraph and of a short but effective one:

Weak Opening Paragraph

We have received your letter of the 5th October, 1943, in which you ask for quotations for 30 brass bedsteads measuring 5 ft. 4 in. \times 6 ft. 4 in., and 30 spring

mattresses to match, suitable for the bedrooms of a first class hotel, packed in wooden cases and delivered f.o.b. ship of the P. & O. line at Bombay. In reply we beg to send you the following quotations.

Effective Opening Paragraph

We are obliged for your enquiry of the 5th inst. for brass bedsteads and spring mattresses and are pleased to send you our quotations as follows.

Use of Headlines in Business Letters.—Some business men indicate the contents of a letter by a headline (sometimes preceded by Re.) placed above the opening paragraph, e.g.,

- (i) Re. Inquiry for National Cash Registers.
- (ii) Declaration of Dividend.
- (iii) Your Order No. B/28 for Hind Sewing Machines.

Giving a headline in the above manner has several advantages. It attracts the attention of the reader and tells him what he may expect to find in the letter. It also facilitates the filing of letters if the system adopted is one based on subjects, and not on names.

2. **The Main Communication.**—This may consist of one paragraph if the letter deals with a single topic, and of more paragraphs if it deals with several matters.

Division of the Letter into Paragraphs.—The division of a letter into paragraphs is not simply a question of appearance or of giving the reader breathing time at convenient intervals. A well-composed paragraph is not a collection of sentences arranged in an arbitrary manner. It is, on the contrary, an orderly development of a single thought or topic, or of a distinct feature of a topic, in a sentence or group of sentences. In view of this the correspondent should commence a new paragraph whenever he switches on to a fresh topic or a new aspect of the subject.

The ~~length~~ of a paragraph will depend upon the nature of the topic discussed in it. Generally short paragraphs are more inviting in appearance than long ones, and they

to reveal their meaning more easily and quickly. But on occasions long paragraphs may be found more appropriate than short ones, for example, in letters which try to be convincing, or in those which are meant to give exhaustive explanations.

The correspondent should also see to it that the paragraphs of the letter are logically arranged and that the transition from one paragraph to another is natural, and not abrupt. If he is replying to a letter, the arrangement of paragraphs in his reply should correspond with that of the original letter.

Sub-headings of Paragraphs.—If a letter is long and is split up into a large number of paragraphs dealing with different topics it will be more easily followed if a descriptive title or sub-heading is given to each paragraph in the left-hand margin. The use of sub-headings is not recommended except in the case of long letters packed with information on various matters.

Should a business letter treat of only one subject?—The ideal business letter should deal with only one subject. This view is based on aesthetic as well as business considerations discussed below.

It is an established principle of literary art that every unit of composition, whether an essay, a short story, a play or any other similar piece of writing, should be built round one main idea or subject. This principle is called the principle of unity. There is no reason why a business letter, which too is a piece of composition, should violate it. But even on business grounds, it is often desirable that a business letter should treat of a single main subject. That this opinion is sound will be clear from a study of the following letter:

Dear Sir,

We beg to acknowledge receipt of your favour of the 4th inst. enclosing a cheque for Rs. 600 for which please accept our best thanks. A stamped receipt for the amount is sent herewith.

One Samuel P. Clark has applied to us for the post of a Junior Clerk in our export department. He says he was in paid service for about 14 months and was obliged to leave because you wanted to reduce the staff. We should be glad if you will kindly inform us by return of post whether you found him honest, intelligent and capable of the work.

Yours faithfully

It will be seen that this letter deals with two distinct subjects, one of which concerns a remittance in the form of a cheque, and the other a request for opinion about an applicant for service. If the firm receiving the letter has several departments each of which is entrusted with a particular kind of work, to what department would it be sent for disposal? It may be sent first to the Accounts Department and then to the Establishment Department or *vice versa*; or the original letter may be sent to one of the two departments and its copy to the other. In any case, the letter would cause much inconvenience to the firm receiving it, and the firm would, moreover, be prevented from attending to the instructions of the writer without delay. This difficulty could have been avoided if two letters had been written on the occasion, each dealing with a single matter. In view of the fact that many modern firms are organized on a departmental basis, the violation of the principle of unity even in a business letter cannot be recommended.

There is yet another reason why, as a rule, no business letter should treat of more than one main subject. In many firms the filing of letters is based on subjects and not on the names of the writers. If a letter of the kind quoted above is sent to such a firm, where would it be filed? It would have to be filed under one of the two subjects dealt with in it, and a cross reference card would have to be placed in the file for the other subject. This would mean much trouble and inconvenience to the firm receiving the letter.

It may be observed, however, that on certain occasions there may be justification for disregarding the principle of unity explained above. For example, if a firm receives a letter containing diverse matters, it will have to deal with all those matters in the reply. There can also be no harm in including several distinct matters in one letter if it is known that the firm to which it is to be sent is one in which all letters received are replied to by one person, and in which such letters are filed according to the names of the writers.

One-Paragraph Letter.—If the communication is very brief it may be given in one paragraph and need not be divided into three parts as suggested at the opening of the chapter, e.g.

Dear Sir,

We acknowledge receipt of your letter dated yesterday, and have pleasure in informing you that Mr. A. B. B. has been in our employ as a correspondence clerk for the past three years, during which time he discharged his duties to our entire satisfaction.

Yours faithfully.....

Use of "I" or "We".—Business letters are sometimes written in the first person singular, sometimes in the first person plural. Different business houses hold different views in the matter. The reader will, however, find the following hints helpful in deciding the issue.

(1) "We" should always be used in letters bearing the signature of a firm or company, i.e., when they are signed in any of the following manners:—

Yours faithfully,
Patel, Jani & Co.

Yours faithfully,
Patel & Jani.

Yours faithfully,
The Eastern Trading Co., Ltd.

Yours faithfully,
 p.p. The Eastern Trading Co., Ltd.,
 A. B. Shah.
 Sales Manager.

(2) "I" may be used in letters bearing the signature of an individual; for example those signed as follows:—

Yours faithfully,
 A. B. Patel.

Yours faithfully,
 A. B. Patel,
 Sales Manager.

(3) "We", which is weightier than "I", should always be used in letters which give the opinions or views of a firm or company as a whole.

(4) "I" and "We" should not both be used in one and the same letter. Only one of the two should be used consistently throughout the letter.

3. **The Closing Paragraph.**—In most cases this will consist of a few sentences which close the letter smoothly.

In sales letters and others which are not of a routine nature, no efforts should be spared to make the closing paragraph as striking and effective as possible, because psychologically it is a very important part of the letter, being the one most likely to stick in the memory of the reader. A few examples of closing paragraphs of non-routine letters are given below:

- (1) We can give your order immediate attention, and only await your decision to put ourselves entirely at your service.
- (2) Let me remind you: you need not continue looking over the Fence of Fate into other people's Paradise. Have a Paradise of your own! Use the Enrolment Form today.
- (3) Remember this apparatus ensures an average reduction of one-fourth in the manufacturing costs. Work out what this means to you in rupees, annas and pies, and you will see the advantage of placing your order at once. Every day of postponement means a substantial loss.

- (4) Now your subscription has expired. And so to keep your place in our community, I hope you will sign the enclosed renewal memorandum and mail it back to me together with an international money order or a draft on a U.S. Bank today, please.
- (5) I should appreciate the opportunity of calling on you to demonstrate our new noiseless typewriter.
- (6) We take full blame for the unfortunate error and offer our sincere apology.

When a letter sets forth in its *communication* facts, evidence, arguments, etc., in favour of or against any proposition, the final paragraph may contain the conclusion to which the facts, etc. lead. The following is an example of such a paragraph:—

Consider the attractiveness of our prices, the prompt and thorough service we render, the quality of our goods, and the binding nature of our guarantee, and send your order today

Participle Endings.—In most routine letters, the final paragraph will be found to contain only one sentence or even a conventional participle phrase such as “Awaiting the favour of your reply”, “Trusting to be favoured with your order”, “Apologizing for troubling you”, etc. Many progressive firms nowadays condemn the use of such ending on the ground that they are mechanical formulas, which have lost all the significance they might have once possessed; that they are unnatural because nobody concludes a conversation with a participle phrase; and that they necessitate the use of words like “we are” or “I am” between the participle phrase and the complimentary close, which makes the letter very formal. This view is largely correct as may be seen from the following examples of concluding paragraphs:—

~~Weak—~~

Thanking you for the order and assuring you that

it will receive our prompt attention,

We are,
Yours faithfully,

Strong—

We thank you for the order and assure you that it
will have our best attention.

Yours faithfully,

The use of participle endings should, therefore, as far
as possible be avoided.

CHAPTER IV

ESSENTIALS OF A GOOD BUSINESS LETTER

A good business letter is one which is written in faultless English, conveys its message clearly and completely, is concise in form, and courteous in tone. In other words, it has four essentials, viz., Correctness, Clearness, Conciseness and Courtesy. These four C's of a business letter we propose to consider below.

1. **Correctness.**—Correctness in relation to a business letter has reference to many factors, the most important of which are: (a) the appearance of the letter, (b) its language and (c) the information it seeks to convey. The first of these (a) has already been dealt with in Chapter I; the remaining two will be discussed here.

(b) The importance of the use of correct English in business letters cannot be over-estimated. The recipient of a letter containing errors in grammar, spelling and punctuation can come only to the legitimate conclusion that the correspondent is an uneducated person, that in all probability he is an inefficient business man, and that therefore it is not safe to transact business with him. The view held by some people that, so long as a letter succeeds in conveying to the recipient the writer's message, mistakes in its composition do not matter is highly erroneous. For example, the purport of the following letter, said to have been written by a clerk, must have been fairly clear to his employer to whom it was sent.

Dear Sir,

I am sick of malaria. The doctor says I must change the climate. So please order leave for two weeks, and oblige.

Yours obedient servant, etc.

And yet, the story goes, the poor clerk was dismissed. It stands to reason, therefore, that the consequences of using similar language in business letters would be equally disastrous. No one can maintain that correctness of language is only of academic interest and that it is of little value in business correspondence.

It should, however, be borne in mind that the mode of expression that is correct on one occasion may be inappropriate on another. For example, the style of expression used in literary works has to be different from that commonly used in business letters. Novelists, dramatists and other literary men have not only to present facts and set forth original ideas, but they have also to express them in such a way that their style, apart from the subject matter of their writings, fascinates the reader. Wit, humour and irony are their stock-in-trade, and simile, metaphor and other devices of expression, their special equipment. Such writers are able to breathe life into the dry bones of the most tedious subjects and to make "trifles" look "tremendous". Their aim is to entertain as well as to inform the reader.

To a business man, what he says is of far greater importance than how he says it. He has no concern with higher literary flights. He should, therefore, adopt for his correspondence a style that is direct, precise and forceful. The language most appropriate to business letters is the language of conversation between educated business men, which is natural, to the point and free from pompous words. Individuality of phrasing is another requisite of a good business letter, because no letter is likely to be effective if it is just a 'carbon copy' of other letters. A successful correspondent, therefore, avoids the use of "Commercial English", i.e., words and phrases which have been employed so often in business letters that they have become stale and ceased to possess any force whatever.

(c) The information given in a business letter should be absolutely correct. Lack of thorough knowledge of the matter treated in a letter is one of the causes of

defects of this kind. Another important cause of inaccuracies of the information to be conveyed in a letter is lack of concentration on the work on hand, or sheer carelessness and negligence. Whatever may be the cause of such errors, they are a source of much annoyance to the recipient, and at times lead to protracted and costly lawsuits. Every detail given in a letter should, therefore, be carefully checked. Mistakes are often made in addressing envelopes, and in writing dates, quantities, measurements and prices. Great care should be taken to state these accurately. A keen eye must be kept on figures; for instance, 100,000 must not be written when 10,00,000 is meant. Sums of money should be recorded in words as well as in figures, e.g., Rs. 50/- (Rupees fifty only).

2. **Clearness.**—A letter that fails to convey to the recipient the writer's message is written to no purpose. This is so obvious that it hardly requires to be stated. Yet business men continually receive letters that are unintelligible, either wholly or in parts. Such letters prove highly detrimental to the writer, because they cannot be acted upon promptly. The business correspondent, therefore, should take care to write nothing that is in any way ambiguous or capable of various interpretations.

The importance of clearness in business letters was strikingly pointed out by Lord Chesterfield as early as in 1751, when in a letter to his son he wrote: "The first thing necessary in writing a *letter of business* is extreme clearness and perspicuity. Every paragraph should be so clear and unambiguous that the dullest fellow in the world may not be able to mistake it nor obliged to read it twice in order to understand it."

The main causes of lack of clearness are:

- (a) Incorrect position of words, phrases and clauses.
- (b) Ambiguous use of pronouns.
- (c) Use of words having double meanings.
- (d) Faulty punctuation.
- (e) Confused thinking.

(a) Incorrect position of words, phrases and clauses.—

A good rule to observe for securing clearness is that things that are thought of together should be mentioned together or as nearly together as the context will allow. Neglect of this rule displeases the ear and often obscures the sense. Consider, for instance, the following:

“The manager was not less desirous of punishing the strikers than his officers.”

The sentence, as it stands, may mean that the manager was as desirous of punishing the strikers as he was of punishing the officers. This evidently is not what the writer meant. His meaning may be clearly expressed thus:—

“The manager was not less desirous than his officers of punishing the strikers.”

(b) Ambiguous use of Pronouns.—The pronoun must not be used in such a way as to cause any misunderstanding as to the noun to which it refers. The following examples show the danger of ambiguity arising out of the placing of pronouns:

(1) “Satan trembles when he sees the weakest saint upon his knees.”

It is said that a child who read this hymn remarked that she did not like it; and when asked the reason, replied that she hated to think of the saint sitting on Satan’s knees. Evidently she understood that *his* referred to Satan and not to the saint.

(2) “If the lad left his father he would die.”

It is not clear who would die, the lad or his father. It is better to express the same idea thus:

“If the lad left his father, his father would die.”

(3) “He earned Rs. 1,000/- during the year which he spent in Bombay.”

To what does the relative pronoun *which* refer, ‘year’ or ‘money’? If to the former, say, “During the year he spent in Bombay he earned Rs. 1,000/-.” If to the latter,

say, "During the year he earned Rs. 1,000/-, which he spent in Bombay."

(c) **Use of words having a double meaning.**—The English language abounds in words having more meaning than one. Ambiguity often arises from the use of such words. Thus: (1) "He has a certain claim to a share in the property." Does *certain* here mean 'indisputable' or 'some, though not much'? (2) "He has rented the house." This may mean: (a) He has let out the house for payment of rent, or (b) He uses the house and pays rent for it. (3) "Bring the gold ring in any case." *In any case* may mean (a) in any kind of box or (b) whatever the circumstances may be.

(d) **Faulty Punctuation.**—*Modern English Usage* gives a good example of ambiguity arising out of faulty punctuation:

"Nothing has been allowed to be published except books, pamphlets, and papers which had secured the approval of the Communist party."

The meaning of the above sentence is obscure because of its defective punctuation. It can be made clear by placing a comma at the end of "papers".

(e) **Confused thinking.**—Another cause of ambiguity in business letters is incoherent thinking, and writing without a plan. Never attempt to write or dictate a letter before you have a very clear idea of what you want to say and how you are going to say it. Remember that clear writing presupposes clear thinking. Correspondents who are not clear about what they are going to say can hardly hope to write letters free from ambiguity. Think out all the points bearing upon the subject till they take definite form and become logically connected in your mind. In the case of long and important letters, unless your memory is very retentive, you may be well-advised first to lay down the points in their logical order in the form of a synopsis and then work them out in the letter. This will prevent the omission of essentials and the inclusion of what is irrelevant; it will enable you to devote a suitable amount of space to each topic and to arrange the parts in

their proper order; finally, it will obviate the necessity of adding postscripts to the letter.

3. **Conciseness.**—Redundancy of expression, i.e., the use of more words than are necessary, is always undesirable; but it is specially objectionable in business letters, which demand, above all, conciseness and precision of statement. There are two main reasons why conciseness is essential in commercial correspondence. One is that it promotes impressiveness, and the other, that in business, time is money, and therefore, it should not be wasted in writing unnecessarily long letters. Numerous examples can be given to illustrate how the use of many words, where a few would serve the purpose, often leads to feebleness of expression. For example, "The weaver died poor" is more effective than "The textile operator breathed his last in indigent circumstances". Similarly, "He was made the recipient of a present in the shape of a gold watch for the business introduced by him" is not as impressive as "He was presented with a gold watch for the business introduced by him."

Lack of conciseness is caused mainly by (a) Tautology, (b) Pleonasm and (c) Verbosity.

(a) **Tautology** means repetition, especially the addition of words that add nothing to the sense. Examples of it can easily be found in current speeches and writings; e.g., "to speak all at once together", "Safe and secure". Here is an example of tautology occurring in a sentence: "With regard to the truth of the alleged legacy left for him by his uncle, there now appears to be a good deal of doubt as to the authenticity of the story." Here the last words are really unnecessary. The sentence may be written as: "There now appears to be considerable doubt about the alleged legacy left for him by his uncle."

(b) **Pleonasm** means the use of more words than are necessary to convey the sense intended. As in tautology, there is redundancy in pleonasm, which here consists in needlessly adding what is already implied, e.g., 'more preferable', 'a sole monopoly', 'a false lie', etc.

Pleonasm, however, is not always a fault. It may sometimes be used for the sake of emphasis as in "I have heard of his bankruptcy with my own ears."

(c) **Verbosity** occurs when many words are used to express what could be expressed in fewer words and consists of roundabout forms, circumlocutions or unnecessary details. Tautology and pleonasm may be remedied by the omission of superfluous words but verbosity requires a different treatment. To condense a verbose statement you have often to recast it. The following letter is full of verbosity:

Dear Sir,

I think it proper and advisable to intimate to you the fact that while I was engaged in examining my books of account this afternoon I found that you had overdrawn your account to the extent of Rs. 150/-.

As far as I am aware you do not seem to have made any arrangement whatsoever in the matter of securing an overdraft. I shall, therefore, be glad if you will kindly be so good as to send a remittance of sufficient amount of money so that your account may be put in proper order.

Yours faithfully

Of all letters, one informing a customer of an overdrawn accounts is least expected to be unduly long. An unnecessarily lengthy statement of the unpleasant matter would create the impression on the recipient that the writer is "rubbing in" the state of his account. The above letter may, therefore, be recast as follows:

Dear Sir,

At the close of business today your account stands overdrawn in our books to the extent of Rs. 150/-. As you have made no arrangements for an overdraft, I shall be glad if you will remit sufficient funds to put your account in order.

Yours faithfully

4. **Courtesy.**—One should never pen a discourteous letter? If the writer of a letter thinks, upon reading it, that it is in the slightest degree discourteous, he should throw it into the waste-paper basket and write another. There are many reasons why courtesy is as essential in business as in social intercourse. The most important one is that it serves as a lubricant that keeps the wheels of business moving smoothly and without friction.

There are many occasions on which business men have to write letters dealing with unpleasant matters, such as ones asking for an overdue account, making a complaint, claiming damages, reprimanding a subordinate, etc. It is courtesy that takes the sting out of such communications. Business men have also to write letters soliciting favours such as asking for credit, or confidential information about a firm, etc. Such favours are readily granted if the request is couched in courteous language. But apart from considerations of material advantage, one should always be courteous, for it is courtesy that distinguishes a gentleman from a boor.

Courtesy is as necessary in letters to one's employees as in those to one's patrons. The success of business depends, not a little, upon willing and enthusiastic co-operation from the subordinate staff, and this cannot be obtained without showing them courtesy.

It may be noted that courtesy is more than politeness, which signifies merely refinement and good manners. Courtesy implies kindness and warmth of heart, and expresses itself in acts and behaviour showing consideration for others.

Letters which are intended to build up business and to keep it in a flourishing state must contain real courtesy, not mere politeness.

CHAPTER V

"COMMERCIAL ENGLISH"

What is Commercial English?—The Departmental Committee of the Board of Education, England, which considered in 1919 the question of the Teaching of English in that country, explained "Commercial English" as follows:

"Some readers of this Report may be unacquainted with 'Commercial English'. We, therefore, give a few examples of the words and idiom in the dialect: *prox.* (next month); *ult.* (last month); *inst.* (this month); of *even date* (of to-day); *beg to* or *hereby beg to* (a meaningless prefix found before verbs of all kinds, e.g. 'I beg to inform you', 'hereby beg to say', etc.); *your favour*, *your esteemed favour*, *yours* (your letter); *I am in receipt of your favour*, *your favour duly to hand*, or more familiarly *yours to hand* (your letter has reached me); *per* (by); *as per* (in accordance with); *same* (it, e.g., 'Yours to hand and we beg to say we shall give all attention to same'); *make* or *quote you* (make an offer, e.g., 'We can make you a discount of 6 per cent', 'My traveller had the pleasure of quoting you for the order'); *the favour of your immediate reply will oblige* (I shall be glad to hear from you at once)."

Growth and Decline of Commercial English.—It will be seen from the above examples that "Commercial English" largely consists of words and phrases used by business men with the object of expressing regard and consideration for their customers and thereby obtaining their goodwill. They refer, therefore, to the customer as "your goodself" and to his letter as "your favour", call his order "your esteemed command" and speak of their own reply to the customer's letter as "our respects". Such expressions, introduced at first probably by a few business men, were soon adopted by others who felt that their business would suffer if they, too, did not wield the weapon of their

competitors. Thus the use of "Commercial English" in commercial correspondence became almost universal.

In the Victorian period, "Commercial English" reached the zenith of its popularity and came to be regarded as the *sine qua non* of commercial correspondence. It was not long, however, before the defects inherent in the jargon began to reveal themselves. It was realized, for example, that expressions like "your favour", "your goodselves", etc., had lost, through over-use, all the significance they once possessed, as they had become synonymous with "your letter", "you", etc., and that, therefore, they had ceased to be flattering. It also became apparent that most customers looked upon the excessive use of words and phrases like 'kindly' and 'beg to . . .', in the letters they received, as showing servility rather than humility on the part of the writers. Also, other faults of the dialect, such as its stiffness and triteness, its proneness to verbosity, its lack of sincerity, etc., forced themselves upon the attention of many intelligent business men, who began to throw it overboard and to use instead, in their correspondence, the natural and forceful language of conversation.

The growing dissatisfaction of British firms with "Commercial English" received an impetus from another source. At this time many American business houses opened branches in London and these met with remarkable success in a short time. It was then realized by British firms that the prosperity of their American rivals was not a little due to their ability to write better business letters, which was attained by the use of the natural, expressive, familiar language of conversation instead of stereotyped "Commercial English".

"Commercial English" was condemned also by the Departmental Committee of the Board of Education, England, referred to above, which, after having received the evidence of leading British business men, reported as follows:

"'Commercial English' is not only objectionable to all those who have the purity of the language at heart but also contrary to the true interests of commercial life, sapping its vitality and encouraging the use of dry, meaningless

“formulas just where vigorous and arresting English is the chief requisite.”

Some examples of Commercial English.—We give below additional examples of “Commercial English” and suggest how the ideas contained in them may be better expressed by the use of simple, conversational English.

Advise.—Example: “We shall *advise* you when we hear from Mr. X.” This word is too hackneyed. It is better to say, “We shall let you know when we hear from Mr. X.”

Beg to state.—Example: “In reply to your letter of the 23rd inst., *we beg to state* that we have asked our representative to call on you on Thursday next.” It is a glaring example of the meaningless phrases that have crept into commercial correspondence. *Beg* means to *implore*, which is unnecessary in business letters. Better say: “As desired by you in your letter of 23rd inst. our representative will call on you on Thursday next.”

Contents noted or contents duly noted.—This expression is often used at the beginning of a letter, e.g., “Yours of the 2nd instant to hand and contents duly noted.” The expression is quite unnecessary. If a person replies to a letter at all, it is obvious that he has seen its contents. A better beginning would be “In reply to your letter of the”

Enclosed herewith.—Example: “We enclose herewith a cheque for Rs. 200/-.” The word “herewith” is superfluous. It is better to say “We enclose a cheque for Rs. 200/-.”

Enclosed please find.—Example: “Enclosed please find a draft for Rs.” ‘Please find’ is redundant. Say, “We enclose a draft for Rs.”

And oblige.—Too many letters end with “and oblige” and therefore the phrase has become wearisomely commonplace. It should, therefore, be avoided as far as possible. A better way of writing would be, “We shall be obliged if you will.”

Assuring you of our prompt attention.—This participle phrase is stereotyped. It is better to write in its place, “We shall give your order our prompt attention.”

At an early date.—Example: "We shall inform you of our decision at an early date." This is a very hackneyed and vague phrase. Say instead, "We shall inform you of our decision in a week."

Even date.—Example: "Your letter of even date to hand." The expression, which means "of the same date", is an ugly, commonplace, commercial vulgarism and should be avoided. It is better to write instead, "Your letter of today's date has reached us."

As per instructions of recent date.—Example: "As per instructions contained in our letter of recent date." It is a time-worn commercialism that is both ugly and verbose. "Recent date" is vague. Say: "As stated in our letter of the 12th June."

Goodselves.—Example: "We shall be pleased to hear from your goodselves." There is no such word as "goodselves" in the English language. It is much better to say, "We shall be glad to hear from you."

Instant (abbr. *inst.*).—It is better to use the English equivalent of this word, e.g., "Our Office will remain closed on the 12th of this month."

Proximo (abbr. *prox.*).—This should also be avoided and "next month" substituted in its place.

Ultimo (abbr. *ult.*).—The word means 'past month'. These words are survivals of old fondness for foreign words.

Our Mr. Brown.—Example: "Our Mr. Brown will call upon you." This is an ugly and trite phrase. Better mention the designation of Mr. Brown, e.g., "Mr. Brown, our chief salesman, will call upon you shortly."

Duly.—Example: "Your letter of the 30th June duly to hand." This word, which means in the context "at the proper time", is seldom necessary and should be left out. It is better to say, "We have your letter of the 30th June."

Pros and Cons of "Commercial English".—It may be noted, however, that although most of the educated business men now disapprove of "Commercial English" unreservedly, the number of persons who continue to use it

is by no means small. Indeed, some writers go so far as to champion its cause. For example, the authors of *Twentieth Century Business Practice* endeavour to prove the importance and harmlessness of "Commercial English" in the following language:

"Nor need one lament too loudly over the formal phrases that do contribute towards the courtesies of life. After all a man when writing a business letter is not intent upon producing a faultless piece of English prose. 'We have your letter' is perhaps better than 'We are in receipt of your letter', and 'We thank you for your letter of yesterday' is perhaps better than 'Replying to your valued favour of yesterday's date', but there is no great crime in writing the latter phrase. Nor need we be greatly perturbed though a purist points out that we have said 'your favour' or 'your esteemed favour', when we meant 'your letter'; that our 'of even date' should rightly be 'of today'; that our 'same' should be 'it'. These stock phrases usually come either at the beginning of the letter or at the end; and they may be regarded as no other than a courteous introduction of ourselves and our business or as a leave-taking not too abrupt."

A contributor to *The Times* (London) writes in the same strain:

"From time to time the wording of commercial correspondence is severely censured by the exponents of Brighter Business. Broadly, they complain of the constant reiteration of hackneyed words and phrases and plead for a more intimate style. 'Assuring you of our best attention at all times' is anathema to them. Perhaps there is something in what they say, but custom dies hard. After all, it is not unpleasant, even with a grain of salt, to know that our orders are 'respectfully' solicited and 'much esteemed' when obtained. The fact that our future 'commands' will 'receive best attention' also does us no harm."

Instead of quoting further from other supporters of "Commercial English", we give below the main arguments advanced in its favour.

(1) It is a great time-saver. For example, "Yours to hand", "10th inst.", "enclosed please find" are shorter than "we have received your letter", "10th of this month", "you will find accompanying this letter" respectively. Such examples can easily be multiplied.

(2) It is used only as an expression of courtesy, and courtesy, even when it smacks of flattery, pleases the majority of people. As the contributor to *The Times* quoted above says, "it is not unpleasant, even with a grain of salt, to know that our orders are 'respectfully' solicited, and 'much esteemed' when obtained".

(3) Most of those who severely condemn it are not business men but grammarians, professors of English, and such other sticklers for correctness, who are unfamiliar with the needs of business. It should be remembered that the aim of the writer of a business letter is other than the execution of a piece of faultless composition.

(4) No word or phrase should be regarded as objectionable simply because it is associated with commerce. Unfortunately the prejudice against "trade" is still widely prevalent; but it should be discouraged, not fostered.

We shall now give a summary of the arguments advanced by opponents of "Commercial English" to enable the reader to see the reverse of the medal.

(1) It can hardly be maintained that "Commercial English" is a time-saver. It is true that it does contain expressions like "yours to hand", whose chief merit is brevity. But they form only a small part of the jargon, while the bulk of it consists of long-winded and verbose phrases like "we are in receipt of" for "we have received", "your good-selves" for "you" and absurd redundancies like "we say this for your information," which waste much of the writer's time.

(2) Most of the educated business men look upon oily phrases such as "your esteemed favour" and "our humble

request" as servile and hypocritical, and compressed expressions like "yours to hand" as positively discourteous.

(3) The report of the Education Committee, referred to above, which condemns "Commercial English" in no uncertain terms, was based on the evidence of leading business men of Great Britain. This shows that it is regarded as objectionable not merely by "the sticklers for correctness" but by the business community itself.

(4) The chief objection to the use of stock phrases lies, certainly, not in their association with commerce. It lies rather in their hackneyed and stale character, which greatly handicaps the person using them by setting him at a disadvantage against those whose letters are characterized by individuality of phrasing.

Conclusion.—It will be noticed from the above discussion that words and phrases which belong to "Commercial English" are regarded as objectionable for various reasons, some for their hackneyed character and verbosity, some for curtness, some for incorrectness and so on. It does not, however, follow from this that expressions commonly regarded as belonging to business jargon should on no account be used in commercial correspondence. For example, there is no harm if a person who has received an order for goods refers to the letter containing the order as a "favour". Similarly, there can be no objection to a trader's concluding his letter to a customer from whom he has always received valuable patronage by writing, "Thanking you for your past favours and hoping for a continuance of the same." The main principle that every correspondent should observe is that he should select such words and phrases as express his thoughts clearly, simply, and appropriately, and avoid using mechanically hackneyed, ready-made phrases.

CHAPTER VI

ENQUIRIES AND REPLIES

General.—The importance of the purchasing side in business is summed up in the proverb, "Well bought is half sold." In accordance with the advice contained in the adage every wise trader tries to buy his requirements from the cheapest source and on the best possible terms. With this end in view he often writes letters of enquiry to firms selling the goods, obtains quotations from them, and after considering their relative advantages, places his orders with the firm that has offered the best terms.

Enquiries are merely requests for information, and these may be made on an almost endless variety of subjects. In this chapter, however, mainly those enquiries are considered which ask whether a particular type of goods can be supplied, and if so, at what price, on what terms of payment, etc.

Occasions on which Letters of Enquiry are sent.—Letters of enquiry are frequently sent out by a trader when the goods he requires are of a kind which he does not regularly buy and of which, therefore, he does not know the current price. In such a case he usually addresses his enquiry to several firms in order to obtain a correct idea of the cost of the goods he wants to buy, and to ascertain the cheapest and best source of their supply. Letters of enquiry are also sent out by a trader to ascertain the current prices of even those goods he regularly buys if the prices of such goods are constantly fluctuating.

To whom should Enquiries be addressed?—If a trader has already been in business for some time, he will know the names of the firms to whom his enquiries should be addressed. He will have learnt these names from actual dealings with the firms, from advertisements in trade journals, from commercial travellers, etc. In case he has

set up a new business and wishes to buy his "first stock" he is likely to turn to a trade directory to find the names of firms dealing in the goods he requires. A trade directory is a compilation containing lists of names and addresses of firms engaged in different trades, arranged alphabetically. There are various kinds of directories, some devoted to particular trades, some to particular countries, and so on.

Hints on writing Letters of Enquiry.—Although letters of enquiry vary considerably in style and contents, the hints on their writing given below will be found useful on most occasions.

(1) If you are definite about your needs, describe them fully and clearly. This will render further correspondence on the subject unnecessary, and lessen your chances of getting the wrong goods. If you are not clear about what you want, you had better ask for a catalogue first. By going through it you will perhaps be able to make up your mind about what you should buy. You may, if necessary, then write a letter of enquiry requesting information not supplied by the catalogue.

(2) After you have described clearly your requirements, request the seller to quote his prices and terms of payment.

(3) If possible indicate the approximate quantity of goods you intend to buy. The seller's quotation will depend on the size of your order, for, as a rule, the larger the order, the more favourable will be the quotation. Do not, however, misrepresent your requirements just to obtain better terms.

(4) If you require the goods for a specific purpose, or for sale during a particular season, do not fail to say so, because the seller will then be in a better position to offer those goods which are most likely to serve your purpose.

(5) You may conclude your letter with a request for the lowest quotation and an expression of the hope that you will be able to place an order if you are satisfied with the terms.

Enquiry Form.—Some firms make enquiries on printed forms, a specimen of which is given on page 63. It will be seen that the form contains, below the main communication, blank spaces in which particulars of the enquiry are to be entered.

Opening and Closing sentences.—How to open a letter of enquiry and how to close it will depend upon the nature of the enquiry, and the circumstances in which it is made. It is, therefore, difficult to give general hints applicable to all cases. Nevertheless, we give below a few examples of suitable opening and closing sentences for such letters. These are meant for the guidance of beginners only, for the correspondent who aims at excellence in his craft will develop his own style and will have no use for such ready-made expressions.

Opening Sentences:—

1. Please send me as early as possible your latest catalogue.
2. Will you please send us samples of...
3. We are indebted for your address to Mr. X and request you to let us know your lowest prices and best terms for...
4. Please quote your lowest price for...
5. Some days ago your traveller called on us and solicited from us an order for leather belting. At the time of his call we were under a contract and could not give your goods a trial...
6. We are open to consider quotations for the supply of sports goods for our gymkhana, for the current season.

Closing Sentences:—

1. We await the favour of an early reply.
We solicit your best attention to our enquiry.
2. We look forward to placing further orders with you and trust that you will make every effort to satisfy our particular requirements.

and are included in the quotation, which is not the case with "At Station" price.

3 per cent, 7 days.—This means that a discount of 3 per cent will be allowed on the prices quoted if payment is made within seven days of the date of the Invoice.

Ex-Warehouse.—This represents the price of the goods at the warehouse of the seller.

Carriage Paid (Carr. Pd.).—This means that the seller is responsible for delivering the goods at his own cost to the buyer's address or the nearest station. In the latter case it is customary to use such phrase as "carriage paid to station."

Carriage Forward (Carr. Fwd.).—This means that the cost of getting the goods, i.e., of transport, is to be borne by the buyer. In practice it is the same as F.O.R.

Cash with Order (C.W.O.).—This means that cash should accompany the order, otherwise the order will not be executed.

Cash on Delivery (C.O.D.).—This indicates that payment must be made when the goods are delivered to the buyer.

Prompt Cash.—This means that payment must be made within two or three days of the arrival of the goods. During this time the buyer is expected to examine the goods and check them up with the Invoice.

Net or Nett.—This term means either the amount payable after all deductions have been made or the amount of payment when no deductions are allowed. This term is usually accompanied by a time limit, e.g., "Nett cash within seven days."

ENQUIRIES AND REPLIES

57

1. *Request for Catalogue*

SWISS INDIA WATCH COMPANY

STATION ROAD,
NAGPUR,

1st January, 1943.

The Eastern Watch Company,
Hornby Road,
Bombay.

Dear Sirs,

Please send us a copy of your latest catalogue and price-list and let us know your best terms for wholesale buyers.

Yours faithfully,
SWISS INDIA WATCH CO.

2. *Reply to Letter No. 1.*

EASTERN WATCH COMPANY

HORNBY ROAD,
BOMBAY.

10th January, 1943.

The Swiss India Watch Co.,
Station Road,
Nagpur.

Dear Sirs,

We thank you for your letter dated the 1st January, and have pleasure in sending you under separate cover a copy of our latest catalogue and price-list.

We need hardly add that behind every "Eastern" watch is our reputation of over sixty years as makers of quality watches, specially designed for use in India.

Our list prices are subject to a trade discount of 15 per cent and an additional commission of $2\frac{1}{2}$ per cent on annual purchases of over Rs. 20,000.

We trust that you will be able to take advantage of these terms.

Yours faithfully,
EASTERN WATCH CO.,

T. Williams,
Manager.

ENQUIRIES AND REPLIES

59

3. *Enquiry for Steel Cupboard*

AMRITLAL C. PAREKH

15, AMRIT PARK,
AHMEDABAD,

3rd January, 1942.

Messrs. Selwyn Safe Manufacturing Co., Ltd.,
Churchgate Street,
Bombay.

Dear Sirs,

I have seen one of your steel cupboards in the house of my friend Mr. Govardhandas B. Patel, of this place, who has recommended you as makers of high-class and moderately priced cupboards. The size I require is 60" X 36" X 20" outside measurements, with five shelves inside. Please state your lowest price for the cupboard, and send me a catalogue of the different types of safes manufactured by you.

I shall compare the prices and quality of your goods with those of others, and if satisfied, shall place an order.

Yours faithfully,

A. C. Parekh.

Reply to Letter No. 3.

SELWYN SAFE MANUFACTURING CO.

CHURCHGATE STREET,
FORT, BOMBAY.

5th January, 1942.

Amritlal C. Parekh, Esq.,
15, Amrit Park,
Ahmedabad.

Dear Sir,

In response to your letter of the 3rd inst. we have sent you under separate cover our catalogue of safes and steel cupboards.

We are glad to point out that our cupboard No. 12, described on page 28, accords exactly with your requirements and we can supply it from stock. Its list price of Rs. 200, f.o.r. Bombay, is subject to a discount of 2½ per cent for cash on delivery.

As regards the safes, our catalogue describes them on pages 23-24 and points out in what respects they are superior to those of other makers. We may add that the fire-resisting qualities of our safes have been fully established during the recent fires in the city. We invite you to pay us a visit so that you may be able to see for yourself all types of our safes, and also a few of those which have remained unscathed in some of the worst conflagrations.

Yours faithfully,
Selwyn Safe Manufacturing Company,
K. C. Dubash,
General Manager.

ENQUIRIES AND REPLIES

61

5. Quotation Form.

Telegrams :
"AGRICOLA"
Telephone :
25740

I. A. E. C.

A.B.C. 5th & 6th Editions
Bentleys Codes

THE INDUSTRIAL & AGRICULTURAL ENGINEERING Co. ELECTRICAL, MECHANICAL & TEXTILE ENGINEERS.

No. 9, Forbes Street, Fort,

QUOTATION No.

BOMBAY.

Branches & Associated Offices
176, Sree Narsimharaja Road,
BANGALORE CITY.

Dated _____

B 139/1 Gun Foundry,
HYDERABAD (Deccan.)

I. A. E. C. (Madras) Ltd.
Broadway,
MADRAS.
&
Frazer Square
COIMBATORE.

Dear Sirs,

Subject : _____

We are in receipt of your favour dated _____
and have pleasure in quoting as under, subject to the Conditions of Sale
printed overleaf.

Hoping to be favoured with your esteemed order, which will receive
our most careful attention.

We are,

Yours faithfully,

For THE INDUSTRIAL & AGRICULTURAL ENGINEERING Co.

Place & Time of Delivery :—

Payment :—

Insurance :

Other Stipulations :—

Quantity	Specification	Rate	Amount		Remarks
			Rs.	as.	

CONDITIONS OF SALE

1. All quotations, offers and contracts are subject to the express condition that the manufacturers will not be in any way responsible for loss or damage arising from strikes, lockouts or any cause or contingency beyond their control (such as transport delays, shortened hours of labour, accidents of all kinds, perils of the sea or rivers, war or the like) whether in respect of deliveries to or by the manufacturers. The manufacturers' responsibility ceases once goods are put on rail, ship, or steamer, unless otherwise stated.
2. Material offered from stock, subject to being unsold upon receipt of order.
3. Testing and Inspection, if any, to be at the sellers' works and to be final there.
4. In case of any disputes arising, the place of jurisdiction to be Bombay.
5. Default in payment on any one date shall entitle the sellers to refuse to make any future or further deliveries.
6. All prices are subject to alteration without notice and to confirmation at the time the order is received.
7. All goods will be despatched at owner's risk unless specially arranged to the contrary. We do not hold ourselves responsible for any damage that may occur in transit, but if desired, insurance can be effected by us to cover risk of damage in transit at customer's cost.

ENQUIRIES AND REPLIES

63

6. Enquiry Form.

Telegrams:
BOMBAY
BANGALORE } "AGRICOLA"
MADRAS

A. B. C. 5th & 6th Editions
Bentley's Codes

THE INDUSTRIAL & AGRICULTURAL ENGINEERING CO., ELECTRICAL, MECHANICAL AND TEXTILE ENGINEERS,

40, Forbes Street, Fort,
BOMBAY.

Associated Offices

176, Sree Narsimharaja Road,
BANGALORE CITY.

B 159/1 Gun Foundry.
HYDERABAD (Deccan.)

I. A. E. C. (Madras) Ltd.
Mount Road,
MADRAS.

Date.....

No.

ENQUIRY.

Dear Sir,

Please quote as early as possible your lowest prices for the undermentioned articles stating the make, time of delivery, etc., and send the necessary descriptive literature.

Yours faithfully,

Quantity	Specification
----------	---------------

7. *Enquiry for Printing.*

NEW BOOK COMPANY

KITAB MAHAL,
188, HORNBY ROAD,
BOMBAY, I.

28th January, 1944.

The New Jack Printing Works, Ltd.,
39, Sankli Street,
Byculla, Bombay.

Dear Sirs,

We are sending per bearer the manuscript of our publication *Modern Business Methods*, and shall be obliged if you will let us have your lowest quotations for printing 1,000 copies of the same on 40 lb. D/Crown glazed Indian Paper, binding them in cloth, and wrapping them in jackets of 72 lb. coloured art paper.

We await the favour of an early reply.

Yours faithfully,
New Book Company.

8. *Quotation for Printing.*

Phone No. 41117.

Estimate No. 3341.

NEW JACK PRINTING WORKS, LTD.39, SANKLI STREET, BYCULLA,
BOMBAY

2nd February, 1944

MESSRS. NEW BOOK COMPANY,
Bombay.

Dear Sirs,

We thank you for your printing enquiry No. of 28-1-44 and beg to submit our quotation as under. We hope to be favoured with your esteemed Order.

Particulars	Quantity	Price		Remarks
		Rs.	As.	
For Printing & Supplying:—				
Modern Business Methods D/Crown 1½ size set in 10 or 12 pt. and printed in black on 40 lbs. D/Crown glazed paper as under—				
Text matter (with paper)	1000 copies	3	0	Per page
do (without paper)	do	1	4	do
Wrapper printing in single colour on 72 lbs. D/Crown Art or Buff paper	do	33	0	lot
do (without paper)	do	9	0	„
Binding—full cloth	do	350	0	„
Samples of Papers enclosed				

*Subject to terms overleaf.**Yours faithfully,***For NEW JACK PRINTING WORKS, LTD.***Manager*

1. Work produced in an experimental way at customer's request will be considered an order and charged for.

2. Designs, Sketches, etc., are submitted in confidence, and are our property unless otherwise arranged.

3. When proofs are required Author's correction on and after first proof including alterations in style will be charged extra *ad valorem*. Proofs from the machine will be charged extra according to the amount of work involved. No responsibility will be accepted for errors in proof passed by customer.

4. Customer's property when supplied will be held entirely at customer's risk as regards fire or other unforeseen damage. Every care will be taken to get the best results where materials are supplied by customers but responsibility will not be accepted for imperfect work caused by defects in or unsuitability of materials so supplied.

5. Should delivery of work be required sooner than the normal time requisite for its proper production every effort will be made to secure freedom from defects but reasonable allowance must be made by customer in such cases. Should the delivery necessitate overtime being worked or other additional cost being incurred a charge will be made to cover the enhanced cost.

6. No variation or alteration verbal or otherwise of this estimate will be recognised unless the same is confirmed in writing.

7. Every endeavour will be made to deliver the correct quantity ordered but owing to the difficulty of producing exact quantities estimates are conditional upon a margin of 5% (in colour work 10%) being allowed for overs or shortage, the same to be charged for or deducted *pro rata*.

8. Any complaint must be made within ten days of receipt of goods, beyond which no claim can be entertained.

9. Type will be distributed immediately after the order is executed unless rent is paid for use of type.

10. Unless the estimate is accepted within one month of the date on which it is given it does not necessarily hold good.

11. This estimate only holds good where work is completed on the part of the customer with ordinary clarity. Where undue delay occurs in completing work, payment on account will be required and rent will be charged for the use of the type, etc.

12. Every effort will be made to carry out any contract based on this estimate but the due performance of it is subject to variation or cancellation owing to an Act of God, War, Strikes, Lock-outs, Fire, Flood, Drought, or any other cause beyond control or owing to inability to procure materials or articles except at enhanced prices due to any of the foregoing causes.

13. A blank page coming behind a printed page will be counted as a printed page.

14. We reserve the right to demand half of the amount in advance and balance against delivery.

Reply to Enquiry.

HIND POTTERIES

27, HORNBY ROAD,
BOMBAY.

15th March, 1943

ASAF A'li, Esq., M.A. LL.B.,
Warden Road,
Bombay

Dear Sir,

In response to your enquiry of the 12th March, we are glad to send you our latest catalogue.

We invite your special attention to pages 65-67 which contain a description and illustrations of our speciality, the reputed 'Kalapi China', and highly commend it to your attention.

In case you do not find what you require in the catalogue, allow us to point out that it cannot give a complete idea of the large variety of wares we have for sale in our shop. We, therefore, request you to pay us a visit, which we assure you will be well worth your trouble.

Yours faithfully,
S. B. Shah,
Manager.

10. *Enquiry for Cloth.*

RELIANCE STORES

24, BUDHWAR PETH,
POONA.

10th October, 1943.

Messrs. Virji Bhaba & Co.,
7, Dhanji Street,
Bombay, 3.

Dear Sirs,

We intend to buy a fairly large stock of "Super X" suitings for the coming winter season, and shall be obliged if you will let us have sample patterns of the cloth with your lowest quotations.

Yours faithfully,
Reliance Stores,
N. Kurwa.

11. *Reply to Letter No. 10.*

VIRJI BHABA AND COMPANY

7, DHANJI STEET,
BOMBAY, 3.

12th October, 1943,

The Reliance Stores,
24, Budhwar Peth,
Poona.

Dear Sirs,

We are much obliged for your enquiry of the 10th inst. and in accordance with your request have forwarded per parcel post a book of assorted patterns of "Super X" suitings. A list of prices is sent herewith.

As regards our terms, we allow 3 per cent on the list prices and one month's credit to approved dealers and are prepared to allow you the same terms after receiving satisfactory trade or bank references.

We trust you will find our terms suitable and place an order with us for your winter requirements.

Yours faithfully,
Virji Bhaba & Co.

*12. Letter asking for more favourable terms.***RELIANCE STORES**

24, THE BOMBAY PLAZA
BOMBAY.

16th March, 1943.

Messrs. Virji Bhaba & Co.,
7, Dhanji Street,
Bombay, 3.

Dear Sirs,

We have received your letter of the 12th March as well as a book containing sample patterns.

We wish to point out, however, that your terms are not as favourable as those offered by another firm in Bombay. They are prepared to allow us a trade discount of 4 per cent and to forward goods carriage paid to our address. We are willing to order our requirements from you in case you can see your way to give us the same terms.

As regards our standing you may refer to:

1. The Central Bank of India, Ltd.,
Hornby Road,
Bombay.
2. Messrs. Durlabhji & Co.,
Cloth Merchants,
Chakla Street,
Bombay.

As we want to buy the suitings as soon as possible, we eagerly await your reply to this letter.

Yours faithfully,
Reliance Stores.
N. Kurwa.

CHAPTER VII

ORDERS

General.—In the preceding chapter we have pointed out how a merchant intending to purchase goods sets about his business by first sending out letters of enquiry. We have also discussed there how these enquiries are attended to and what correspondence passes between the intending buyer and the would-be seller regarding prices and terms of sale of the goods concerned. After both the parties have agreed to the terms, the stage is set for the buyer to order the goods.

Order for Goods.—The letter ordering goods should contain information on the points given below. Even if by means of previous correspondence the buyer has already conveyed to the seller a part of such information, it should preferably be repeated in the order so as to avoid any error in executing it.

- (a) Quality.
- (b) Quantity.
- (c) Packing.
- (d) Price and terms of payment.
- (e) Mode of transport.
- (f) Time and place of delivery.
- (g) Insurance.

(a) **Quality.**—The more accurate your description of the goods you want to order, the better are your chances of receiving the correct goods. Therefore, give full and correct particulars of their quality, size, colour, etc. If you have selected the goods from a dealer's catalogue, indicate their quality by mentioning the number or other distinguishing marks assigned to them in the catalogue. If the quality of the goods cannot be adequately described send a sample with your order.

(b) **Quantity.**—Be precise in stating quantities. For example, if you want to order 12 dozen 5 lb. tins of A1 tea from a dealer who only a few weeks ago supplied you six dozen 5 lb. tins of the same tea, do not merely state in your present order, "Please supply me 12 dozen tins of A1 tea." Specify also the size of the tins you require; otherwise you run the risk of getting tins of the wrong size. Where necessary, state also whether a part of the goods you have ordered may be sent, if it is impossible to supply the whole quantity within the time stipulated by you.

(c) **Packing.**—The cost of packing peculiar to a trade is generally included in the quotation. If, however, the buyer desires any special kind of packing for which it is usual in the trade to make an extra charge, the type of packing required should be clearly indicated in the order.

(d) **Price and Terms of Payment.**—Ordinarily, the letter ordering goods should mention the price and terms on which the goods are being ordered. Some correspondents, however, do not think it necessary to repeat these in the order, if they have already been settled by previous correspondence. Similarly, when goods are ordered from a regular supplier it may not be necessary to mention the terms of payment in the order as these are known to both the parties from past dealings with each other. To avoid misunderstanding, however, it is better always to state the terms of payment in the order.

When goods are ordered from a firm for the first time, it is usual for the buyer

- (1) to send with the order the price of goods in full, or such part of the price as is agreed upon;
- (2) to send suitable references with a view to obtaining the goods on credit; or
- (3) to obtain goods under the C.O.D. system.

If money is enclosed with the order, the amount and the form in which it is sent (e.g., cheque) should be clearly stated. A brief explanation of the terms of payment generally mentioned in orders and quotations has been given in the previous chapter.

(e) **Mode of Transport.**—The mode of transport, whether by steamer, goods train, passenger train, parcel post, etc., should also be mentioned. If the order is placed on the basis of a quotation which specifies or implies a particular mode of transport, the buyer need not mention it in the order.

(f) **Time and place of Delivery.**—If the place of delivery is other than the address of the buyer given in the order, the address to which the goods are to be delivered should clearly be indicated. The seller is expected to deliver the goods within a reasonable time from the date of the order. What “a reasonable time” is will depend upon the size of the order, the distance between the buyer and the seller, trade usage, etc. If, however, time is an essential factor in respect of the goods ordered, this should be made clear in the order. For example, a letter ordering goods for the Diwali season should state, “The goods are required for the Diwali sale and must reach us on or before.....” If, in the above case, the buyer does not receive the goods in time he is justified in rejecting the goods and claiming damages for the loss he might have suffered by not getting the goods in time.

(g) **Insurance.**—In inland trade, ordinarily, goods in transit are not covered by insurance unless they happen to be very valuable or fragile, e.g., jewellery, glass, etc. If, however, it is the intention of the buyer that the seller should insure the goods ordered, necessary instructions to this effect should be given in the order. In foreign trade, goods are almost invariably insured. Detailed particulars regarding insurance are given elsewhere in this book.

Order Form.—When only a few things are ordered they are usually specified in the body of the letter; but in case a large number or variety of goods are required they are mentioned at the foot of the letter or entered on a separate sheet.

Many of the large business houses use printed Order Forms for all their purchases. These are perforated, numbered and kept in serial order in Order Books. The person

ordering goods has only to fill in the particulars in the space provided for the purpose in the Order Form. The order is made out in duplicate or triplicate. The original is sent to the seller of the goods, and its copy is kept in the buyer's file. If a third copy is made it is generally sent to the receiving department, which checks the goods on their arrival.

Order Forms have certain advantages. They save the time and labour of the correspondent or his typist; being of uniform size they can be conveniently kept in the file; and they remind the buyer of all the points on which he should give information in his order.

Orders by Telegram.—When an order has been communicated by a telegram or telephone or orally, it should be immediately confirmed by a letter mentioning in detail all the points settled on the telephone or by telegram.

Acknowledgment of an Order.—Ordinarily all orders received should be acknowledged by return of post if they cannot be executed immediately.

In the letter acknowledging an order, the seller thanks the customer for his order, tells him that it is being attended to, and indicates the time when the goods will be despatched. If the order cannot be executed immediately, the seller expresses regret for the delay and points out why it cannot be avoided.

Some business men make use of postcards for acknowledging orders. They are often printed and contain blank spaces to be filled in by the person acknowledging the order.

Cancellation of an Order.—After an order has been placed it may be found necessary to cancel it in certain unforeseen circumstances. Cancellation of an order is, however, not possible in all cases. For example, if the order was placed long since and the goods are already on the way, it may not be possible to have it cancelled. Similarly, if some special types of goods have been ordered and they are already manufactured, the order cannot be cancelled. If, however, the order is a recent one and the

manufacture of goods has not been taken in hand, the party receiving the order may agree to its cancellation.

If it is decided to cancel the order, the decision must be immediately communicated, preferably by a telegram, which should be followed by a letter giving reasons for such cancellation.

If the buyer decides to cancel his order owing to inordinate delay in its execution, he should point this out in the letter cancelling the order.

Execution of an Order.—Every order should, if possible, be executed immediately or within the time agreed upon. A letter advising the execution of an order usually contains:

- (a) A reference to the date and number, if any, of the order.
- (b) Expression of thanks for the order.
- (c) Information that it has been executed.
- (d) Information as to the date of the despatch of goods and the mode of transport.
- (e) A statement of the amount of the invoice.
- (f) Mention of the manner in which the seller intends to recover the amount of the invoice.
- (g) Solicitation for further orders.

It may be pointed out that an alert business man will not be satisfied with the order in hand only; he will have future orders in mind and will, therefore, endeavour to use this particular order as a means of obtaining further business. For this purpose he will include some sales talk in the letter. For example, he may refer to the excellent quality, etc., of the goods and express the hope that if the buyer is satisfied with them, he will continue his patronage.

Inability to execute an Order.—Difficulties arise when the seller finds himself unable to execute the order in accordance with the terms and conditions mentioned in it. For example, he may not be in a position to promise delivery within the stipulated time; the goods he has in stock may not correspond in every detail with those ordered; he may not be prepared to sell the goods at the prices men-

tioned by the buyer; or for some other reason he may find it impossible to supply the goods exactly on the terms and conditions stated by the buyer. In such a case, the seller should not execute the order till he has ascertained, by means of a letter or otherwise, whether the buyer wishes him to execute the order on terms which may be somewhat different from those stated in the order. To induce the buyer to agree to the terms offered by the seller, the latter may have to put much effective salesmanship into his efforts.

At times when the order is of an urgent nature and the seller is unable to execute it exactly in accordance with the wishes of the buyer, he may make bold to execute it on his own terms. If he does so, however, he should know that his execution of the order on the altered terms is equivalent to the sending of the goods "on approval". He should, in that case, ask the buyer to return the goods carriage forward if he is dissatisfied with them.

1. *Order Form.*

THE ALLIED CEMENT COMPANIES, LIMITED.

Your Reference :
C/III 507 of G.G. 39

Purchase Department.

ORDERfor Supplies to Cement
Works at

LAKHERI, B.B. & C. I. RY.

Cane House,
Waudby Road, Fort,

BOMBAY,

19

Messrs. — — — — —

Our Reference

Order No. L/III

Please quote this No. and
Date in all correspondence
pertaining to this Order.Such correspondence should
be in Separate Letters
which must not deal with
matters pertaining to other
Orders.Please supply the following materials subject to the terms and conditions
below and on the reverse:—

Works Indent No.	Description of Articles.	Quantity.	Rate.	Per	Total Amount.		
					Rs.	as.	ps.

DELIVERY: The prices shown above are F.O.R. — — —

Despatch Instructions:—In the absence of special instructions to the contrary,

(i) goods should be forwarded to Works at
Owners' Risk rates and not at Railway
Risk rates,and (ii) packages weighing more than the minimum
—14 Seers—fixed by the Railway Author-
ities for carriage by Goods train should
not be forwarded by Passenger train.

Railway Address :

The Manager

The Allied Cement Companies, Limited.
Lakheri Cement Works.

LAKHERI, B. B. & C. I. RY.

In the case of orders for full wagon load add
"Siding" after Lakheri.

Postal Address :—

The Manager,

The Allied Cement Companies, Limited.

Lakheri Cement Works,

LAKHERI, B. B. & C. I. RY.

The relative Railway Receipt, should be forwarded di-
rect to Works under cover of a Delivery Note bearing the
Reference Number and Date of this Order.Your Bill in triplicate should be submitted to works
within seven days of despatch of goods; and a quadru-
plicate copy of the bill, together with particulars given in
the Railway receipt, should be sent to the Purchase
Department.FOR THE ALLIED CEMENT
COMPANIES LIMITED.

PURCHASE DEPARTMENT,

TERMS AND CONDITIONS

THE WORD "COMPANY" SHALL MEAN "THE ALLIED CEMENT COMPANIES, LIMITED"

Delivery.—Although this Order is placed for supplies to the Company's Works mentioned on the reverse, Suppliers shall despatch the goods to any other Works under the Company's management, if so required by the Company.

Goods should be despatched within seven days from the date of this Order unless otherwise specified.

Should Suppliers fail to execute this Order or any part of it as stipulated, therein the Company shall be free, without giving any notice to Suppliers, to purchase the undelivered goods from the market at Suppliers' risk and cost, and Suppliers shall reimburse the Company in respect of any loss or damage arising from their failure to deliver the goods.

Railway Receipts.—Clean Railway Receipts together with bills in triplicate should be sent direct to the Factory concerned without loss of time so as to avoid demurrage.

Packing.—Clean Railway Receipts shall not, however, be considered as sufficient proof that goods are securely packed. Any breakage, damage and/or pilferage in transit, arising from faulty packing shall be borne by Suppliers.

Quantity.—Goods will be paid for on the basis of net quantity received at Works after deduction of tare, as found at the Factory irrespective of the weight indicated in the Suppliers' invoices.

If the quantity received at Works is found to be in excess of the quantity ordered, the Company shall be entitled to reject the excess.

If there be any discrepancy between the number, dimensions, volume and/or weight of the goods requisitioned by the Company, Suppliers should bring such discrepancy to the notice of the Company while tendering for the goods.

Samples.—Before proceeding to execute this Order, Suppliers shall obtain the Company's previous approval of samples of such goods as have to be obtained from foreign countries or manufactured to suit the Company's special requirements.

If any samples are furnished to Suppliers by the Company, the same should be returned in good condition to the Factory along with the materials.

Quality.—The Company shall be free to reject goods unless their quality is approved by the Works Manager whose decision shall be final and binding on Suppliers.

Rejected Goods.—Rejected goods will be lying at the Company's Factory at Suppliers' risk and should be removed by them at their own cost immediately on receipt of advice from the Company to this effect. The Company shall be entitled to recover from the Suppliers the full amount of Railway freight and other charges, if any, incurred in respect of rejected goods.

Payment.—Payment will be made at the Company's Head Office at Bombay, after Suppliers' bills are received from Works, duly certified.

2. *Letter Ordering Goods.*

DRY FRUIT CABIN

23, COMMERCIAL ROAD,
BOMBAY.

14th February, 1940

Messrs. Gulam Hussain & Co.,
Dry Fruit Merchants,
Peshawar.

Dear Sirs,

I shall be glad if you will send me by goods train, as early as possible, the following:

	2 Cwts. Apricots	@Rs. 50/- per cwt.
" 2	" Black Currants	" 60/- " "
" 2	" Plums	" 55/- " "
" 1½	" Kabul Figs	" 35/- " "
" 2	" Sweet Almonds	" 70/- " "
" 2	" Raisins	" 65/- " "
" 1"	" Pistachio Nuts	" 75/- " "

The goods should be of the best quality, as they are required for retail sale to upper middle class customers in this city.

Please pack the goods as usual and collect the amount of the invoice by negotiating the R/R through the Central Bank of India, Ltd.

Yours faithfully,
Thomas Edward.

3. *Order Form.*

Order No.....

Date

From The Popular Silk Stores, Sheik Memon Street, Bombay.	To Messrs. Mulji Jetha & Co., Chandni Chowk, Delhi.
--	--

Dear Sirs,

Please supply as under, strictly in accordance with the particulars given, any deviation from which will be at your risk, unless authorized by us. The number of this order must be quoted on the Invoice and the goods despatched by at the latest.

4. *Postcard acknowledging receipt of Order.*

Telegram: Ramgopal.

Telephone No. 23641.

From

Ramchandra Gopal and Sons,
Dealers in Woollen Goods,
Dhanji Street,
Bombay.

7th April, 1942.

Messrs. Smith & Co.,
Bazaar Street,
Madras.

Dear Sirs,

We thank you for your Order No..... of
for, which we received this morning. It is
having our immediate attention and will be executed
within the course of

Yours faithfully,
Ramchandra Gopal and Co.

5. Letter acknowledging an Order (Form)

In any Communication respecting this order please quote No.....

Telephone No. 25740



Telegrams: "Electrola"

The New Industrial & Electrical Engineering Co.

9. FORBES STREET, FORT.

BOMBAY 19

Dear Sirs,

We acknowledge with thanks your esteemed order No. _____ of the _____ which has been booked as per details given below. It will receive our best attention and you will be advised of the despatch of the goods in due course.

We remain,

Yours faithfully,

Time of delivery must be regarded as approximate only, and whilst every effort will be made to avoid delay we cannot accept liability for any direct or indirect loss arising from any delay which may occur.

Terms and Conditions.

Delivery:

Payment :

Insurance: _____

[illegible]

6. *Letter ordering Carpets.*

EASTERN EXPORT COMPANY (BOMBAY), LIMITED

60, FORBES STREET,
FORT, BOMBAY, 1.

17th April, 1945.

M. R. Varma, Esq.,
C/o The United Commercial Corporation,
Bombay, 1.

Dear Sir,

With reference to my talk with you on the telephone I hereby place the following order for Mirzapur Carpets made out of hand-spun woollen yarn to be delivered to us before the middle of May, 1945.

Quantity: About 561 sq. yds.
Quality: 3 $\frac{1}{4}$ /18.

<i>Size.</i>	<i>Russet</i>	<i>Green</i>	<i>Petunia.</i>	<i>Rose</i>	<i>Blue</i>	<i>Total pcs.</i>
4' x 2'	113	113	76	38	38	378
5' x 3'	20	20	14	6	7	67
6' x 3'	17	17	11	6	6	57

Design and Shade: Only floral designs and corner sprays, in dark shades.

Price: --Rs. 9-8 per sq. yd. F. O. R. Bombay.

We shall be obliged if you confirm this at your earliest convenience.

Yours faithfully,
For Eastern Export Co. (Bombay), Ltd.
A. P. Gupta,
Managing Director.

7. *Letter acknowledging receipt of an Order.*

UNITED COMMERCIAL CORPORATION

LAKSHMI BUILDING,
PHIROZSHAH MEHTA ROAD,
BOMBAY.

18th April, 1955.

The Eastern Export Co. (Bombay), Ltd.,
60, Forbes Street,
Bombay.

Dear Sirs,

Please accept our thanks for your order of the 17th April for 561 sq. yds. of Mirzapur Woollen Carpets to be delivered to you by the middle of May next.

We have carefully noted your instructions regarding Designs, Colours, Shades. etc.

We trust that our execution of this order will be to your complete satisfaction.

Yours faithfully,
United Commercial Corporation,
M. R. Varma.

8. Letter expressing inability to execute an Order.

THE WONDER SAW MILLS, LTD.

22, SUNDERBAN ROAD,
CALCUTTA.

13th January, 1938.

The Cosmopolitan Sports Club,
Reclamation Ground,
Bombay.

Dear Sirs,

We thank you very much for your order of the 10th January for 100 "Wonder" folding chairs, to be delivered by the 15th of March next.

We greatly appreciate your interest in "Wonder" furniture and wish we were in a position to fill your order. As we have already in hand several large orders which will keep our machinery and workmen busy for several months to come, it will not be possible for us to carry out your esteemed order even if you were good enough to extend the date of delivery by several months.

We are sorry for our inability to serve you, but are quite certain that you will understand that it is due to circumstances over which we have no control.

Looking forward to the times when we shall be able to attend to your commands,

We are,
Yours faithfully,
per pro. The Wonder Saw Mills, Ltd.,
S. B. Bhargava,
Manager.

9. *Letter expressing inability to Execute an Order.*

SWARAJ CYCLE WORKS

100, HORNBY ROAD,
BOMBAY.

13th November, 1944.

Messrs. Jankidas & Co.,
Cycle Merchants,
Gandhi Chowk,
Delhi.

Dear Sirs,

With reference to your order of the 8th November which reached here this morning, we regret to say that it will not be possible for us to execute it within the time stated by you as, unfortunately, there is a strike in our factory. Our stock of ready cycles is already exhausted and therefore we are unable to execute your order for the present.

Meanwhile, we are keeping your order before us, and unless we hear from you to the contrary, shall take the first possible opportunity of despatching the cycles soon after the factory hands return to work.

We very much regret this delay which, you will realise, is beyond our power to prevent.

Yours faithfully,
Swaraj Cycle Works,
P. L. Gupta,
Manager.

10. *Letter asking for extension of time for delivery.*

EUREKA LEATHER WORKS

DHARAVI,
BOMBAY, 16.

14th November, 1944.

The Excelsior Trading Co.,
Hornby Road,
Bombay.

Dear Sirs,

We are much obliged for your order of the 12th November for leather suit cases, but regret to say that owing to the unusually large number of orders already on hand it will not be possible for us to supply you with the goods before the end of this month as you desire. However, as our workmen are busy day and night trying to cope with the orders, we are in a position to promise you delivery of the goods before the middle of next month. We hope this delay will not seriously inconvenience you.

Yours faithfully,

M. B. Shaikh.

11. Letter cancelling an Order.

POPATLAL AND COMPANY

55, HORNBY ROAD,
BOMBAY.

19th August, 1912

The Calico and Jubilee Mills,
Ahmedabad.

Dear Sirs,

We hereby confirm our telegram of today which is as follows:—

“Cancel Order 249—Letter follows.”

We very much regret to have to cancel our order No. 249 dated 17th inst. for 200 doz. “Jubilee” handkerchiefs. We have been compelled to do so because we find that our storekeeper overlooked a portion of our stock in the godown. We shall, therefore, not require any more supplies for the present.

We assure you, however, that we shall place with you a large order for handkerchiefs when our present stock is sold out.

We apologize for any inconvenience this may cause you.

Yours faithfully,
Popatlal & Co.

12. *Letter intimating the execution of an Order.*

NAROTTAM BHIMJI AND SONS

10, JHAVERY BAZAR,
BOMBAY.

5th March, 1942.

Bhansilal Amirchand, Esq.,
Sholapur.

Dear Sir,

We thank you very much for your order of the 2nd March for jewellery, and have great pleasure in saying that we have executed it this morning.

The jewellery has been carefully packed and despatched by parcel post, and insured for Rs. 25,000/- against loss in transit, with the Jupiter General Insurance Co., Ltd., Bombay. We enclose invoice for the goods which amounts to Rs. 25,225 including postal and insurance charges.

We have, this day, drawn a bill of exchange for Rs. 25,225/- payable thirty (30) days after sight, and trust that you will honour the same on presentation.

We thank you once again for the order and hope that you will continue to patronize us as before.

Yours faithfully,
Narottam Bhimji and Sons.

13. *Bill of Exchange.*

Exchange for Rs. 25,225/-

Bombay, 5th March 1942

Thirty days after sight pay self or order the sum of Rupees Twenty Five Thousand Two Hundred Twenty Five only for value received.

To

Bhansilal Amirchand, Esq.,
Sholapur.

Narottam Bhimji & Sons.

INVOICE

Telegraph : NBJEWEL,
Telephone : 80403.

JHAVERY BAZAR,
Bombay, 5th March, 1942.

BHANSILAL AMIRCHAND, ESQ.,
SHOLAPUR

Dr. to Narottam Bhimji and Sons, Jewellers.

		Rs.	a.	p.	Rs.	a.	p.
1 doz.	"Swastik" narrow diamond rings at Rs. 500 each	6,000	0	0			
4 doz.	"V" shape diamond necklaces at Rs. 400 each	19,200	0	0			
	Packing, Postage, and Insurance.	25	0	0			
	<i>E. & O. E.</i>				25,225	0	0

14. *Letter intimating despatch of goods nearest to those ordered.*

KUMAR AND COMPANY

22, MULJI JETHA MARKET,
BOMBAY.

27th June, 1943.

Messrs. Mahindrakar Bros.,
Station Road,
Nasik.

Dear Sirs,

Please accept our thanks for your order dated 25th June for 25 pieces of light blue poplin of Aurora Mills.

We regret to state, however, that our stock of Aurora poplin is completely exhausted. We endeavoured to obtain it from other wholesalers here but without success.

As you seem to be in urgent need of the cloth, we have ventured to send you today a consignment of 25 pieces of light blue poplin of Arvind Mills, which is nearest to the quality you have ordered and is cheaper by Rs. 2/- per piece.

It is, of course, understood that in case you do not approve of the cloth we have sent, you can return it carriage forward to us, when we shall send you a credit note for the amount.

Yours faithfully,
Kumar and Co.

CHAPTER VIII

TRADE REFERENCES AND STATUS INQUIRIES

General.—Goods may be ordered for cash or on credit. If they are ordered for cash, it is unnecessary for the seller to obtain information regarding the standing of the buyer; for if the price of the goods to be despatched has already been received, it is immaterial what kind of person has paid it. When, however, the seller has to supply the goods against the buyer's promise to pay for them later, the former should take care to ascertain the value of that promise.

Trade References.—An order for goods from an unknown customer will usually contain trade references i.e., the names of business men or firms to whom enquiries regarding his financial standing may be addressed. In such a case, the seller will not execute the order until he has taken up the reference, and obtained from the referees satisfactory reports as to the standing of the customer.

If, however, the order is unaccompanied by any references, the prospective buyer is politely requested to furnish them. The letter containing this request should make it clear that it is the custom of the firm to get such references from every new customer before goods are supplied to him on credit. Following up the references given by the customer and getting the necessary information about his standing from the referees must take some time. In the case of an urgent order, therefore, the seller may send the customer a *pro forma* invoice and request him to send a remittance of the amount of the invoice, and on receipt of that amount proceed to execute the order.

Bank Reference.—Instead of giving a trade reference, the new customer may give a bank reference, i.e., the name of his banker, and ask the seller to direct his enquiry to him. As a banker will answer status enquiries proceed-

ing only from another banker, the firm making the enquiry must send it to its own bankers and ask them to obtain the required information from the banker whose reference the customer has given.

Following up References.—In a letter following up a reference, the enquirer mentions the name of the person about whom he seeks information, and gives brief details of the transaction to be entered into. His enquiry is usually general as well as specific, i.e., he seeks information regarding the general business reputation of the prospective buyer, as well as about the exact amount and the precise time for which it would be safe to grant him credit. The enquirer also takes care to see that his letter is written in unambiguous language, for if it is obscure, he is not likely to get the particular information he desires. He generally concludes the letter by pointing out that whatever information is given to him by the referee will be greatly valued, that it will be treated as strictly private and confidential, and that he will be glad if the referee will make use of his services in similar circumstances.

5. Precautions to be taken against possibility of Fraud.—When the names of referees are given, the party receiving the order should satisfy himself that the firms mentioned as referees are themselves reliable, and also that their opinion regarding the firm applying for credit is such as would justify the granting of credit. The reason for taking this precaution is that there exist in many countries long-firm swindlers who generally operate in groups. A member of the group places an order with a firm and gives the names of other members as referees. The others in the group act in a similar manner and take the precaution of placing their orders with different other firms. These dishonest persons also rent offices and appoint staff. By adopting this device they succeed in obtaining goods on credit, for the reports given in reply to enquiries addressed to the referees are always favourable. But before the time for payment arrives, the swindlers have absconded and neither the referees nor the firm placing the order can be

traced. To protect himself from this form of fraud a wise business man uses several sources of information and checks them against once another before he decides to supply goods on credit.

Status Enquiry Agencies.—In many commercially advanced countries, there exist organizations called Status Enquiry Agencies. These make it their business to collect information regarding the financial position of mercantile firms whose names they keep in a classified form in their books. For a fixed annual subscription or a fixed charge for each enquiry, information can be obtained from them as to the standing of the firm with whom the enquirer is opening a new business. One may wonder how such agencies are able to provide authentic information regarding the thousands of firms operating in a country. The difficulty, however, is got over by the appointment of agents all over the country and by giving each agent a territory small enough to be dealt with efficiently. In India there is a deplorable absence of such Status Enquiry Agencies.

Chambers of Commerce.—It is also possible to obtain information regarding the solvency and standing of traders from Chambers of Commerce and Trade Associations, and a trader should supplement his enquiries, whenever possible, by reference to these bodies. • •

Rights and Responsibilities of Referees.—Traders are entitled by law to give freely to one another information regarding the financial standing of persons asking for credit. If, in reply to enquiries, they give their honest opinion, even though it may be unfavourable, the party in question cannot sue them for having injured his reputation. On the other hand, if a referee gives a favourable opinion that is false with a view to misleading a trader into granting credit to a customer, and the trader suffers loss through the insolvency of the customer, he may sue the referee for misrepresentation, provided he can prove that the referee knew that it was risky to give credit to the customer. No trader is, however, entitled to say that the person about whom an enquiry is made is unworthy of credit, unless he

has real grounds for believing it to be true, and unless, even then, he makes the statement without any feeling of ill-will or malice against the person concerned.

Replies to Status Enquiries.—The referee should exercise the greatest care in drafting replies to status enquiries, bearing in mind the responsibility he owes to the firm making the enquiry and to the firm about which the enquiry is made. We give below a few hints on drafting such letters:

(a) The replies to such enquiries should be as brief as may be consistent with answering the query made. They should not, however, be so sketchy as to be misleading.

(b) The information given by the referee should be based on his personal knowledge and experience and not on hearsay. He may, of course, refer to the general business reputation of the firm about whom the enquiry is made.

(c) Unless the enquirer wants to know the amount up to which it would be safe to extend credit to the firm that has asked for it, the referee should avoid mentioning it specifically.

(d) If the referee's opinion is unfavourable, he should express it with tact and caution. One of the ways in which he may do this, is by stating that he is unable to express any opinion about the firm in question. The enquirer will interpret such a reply as unfavourable.

(e) As far as possible the referee should avoid mentioning in his letter the name of the firm about whom he gives an adverse opinion. He may refer to the firm as 'the firm you mention', 'the firm about which you enquire', etc.

(f) The referee should make it clear that he accepts no responsibility for the opinion he has given and that it should be treated as private and confidential.

1. *Letter ordering goods for the first time—References not given.*

OWEN AND COMPANY

LIVERY STREET,
ALLAHABAD.

23rd January, 1942.

Messrs. Allahdin Munjee & Co.,
Lohar Chawl,
Bombay.

Dear Sirs,

We shall be obliged if you will supply us R. C. Brand Crockery detailed as under:—

- 20 doz. Tea Cups and Saucers,
- 20 doz. Coffee Cups and Saucers,
- 15 doz. Dinner Plates,
- 15 doz. Soup Plates.

The goods should be packed as usual, insured, and despatched by passenger train so as to reach us in the first week of March.

You may draw on us, for the amount of the invoice, a bill payable thirty days after date, and we shall meet the same on maturity.

Thanking you in anticipation,

We remain,
Yours faithfully,
Owen and Company.

2. *Letter asking for References.*

ALLAHDIN MUNJEE & CO.

LOHAR CHAWL,
BOMBAY.

26th January, 1942.

Messrs. Owen & Co.,
Livery Street,
Allahabad.

Dear Sirs,

We are much obliged to you for your order of the 23rd January, but are sorry to find that you do not give the necessary references which as a matter of routine we always require when opening new accounts. We shall, therefore, greatly appreciate your sending us the desired information.

While this routine matter is being settled we shall be preparing your order so that it may be executed by the time mentioned in your order.

Yours faithfully,
Allahdin Munjee & Co.

3. *Letter with pro forma Invoice.*

ALLAHDIN MUNJEE & CO.

LOHAR CHAWL,
BOMBAY.

26th January, 1942.

Messrs. Owen & Co.,
Livery Street,
Allahabad.

Dear Sirs,

We are obliged for your order of the 23rd instant for R. C. Brand Crockery received today.

As this is the first order we have had from you, and as you do not furnish the usual trade references, we have to inform you that it is a convention of our business, on receiving a first order, to ask for the names of referees or cash against *pro forma* invoice. We, therefore, enclose a *pro forma* invoice for the goods ordered, and will despatch them as desired immediately on the receipt of your cheque for the amount of the invoice.

We assure you that our best attention will be given to your order.

We are,
Yours faithfully,
Allahdin Munjee and Co.

Encl.: *Pro forma* invoice.

4. *Letter asking for Credit and giving References.*

OWEN AND COMPANY

LIVERY STREET,
ALLAHABAD.

23rd January, 1942

Messrs. Allahdin Munjee & Co.,
Lohar Chawl,
Bombay.

Dear Sirs,

We thank you for your quotation No. 1032, dated the 4th January, and shall be glad if you will send us the goods mentioned in the enclosed order against our acceptance of 60 d/s bill for the amount of the invoice.

We give the names of the following firms as references to enable you to enquire into our financial standing:—

1. Messrs. Sharma Trading Co.,
Princess Street,
Bombay.
2. Messrs. Moosa & Co.,
Carnac Road,
Bombay.

We shall appreciate an early intimation of your intention concerning this order.

Yours faithfully,
Owen and Company.

Encl.: Order No. C141.

5, *Letter to a Referee.*

ALLAHDIN MUNJEE & CO.

Private and Confidential.

LOHAR CHAWL,
BOMBAY.

26th January, 1942.

Messrs. Moosa & Co.,
Carnac Road,
Bombay.

Dear Sirs,

Messrs. Owen & Co., of Allahabad, have placed an order with us for Crockery worth Rs. 500/- and have named your firm as a referee. We shall be glad if you will kindly inform us at your earliest convenience whether you have known this firm for long, whether you have found them to be regular and prompt in payment, and whether you consider them worthy of credit to the extent required by them. We need hardly add that any information you may supply us will be treated as strictly confidential.

Thanking you in anticipation of an early reply,

We are,
Yours faithfully,
For Allahdin Munjee & Co.,
N. J. Zaveri
Manager.

6. *Favourable Reply.*

©

MOOSA AND COMPANY

Private and Confidential.

CARNAC ROAD,

BOMBAY.

27th January, 1912.

Messrs. Allahdin Munjee & Co.,
Lohar Chawl,
Bombay.

Dear Sirs,

We are glad to be of service to you in respect of your enquiry about the standing of Messrs. Owen & Co., Livery Street, Allahabad.

So far as we know theirs is a small business and their monthly purchases from us have not been large. The firm appear, however, to be progressive and their business seems to be thriving. During the course of our business dealings with them for the last five years we have always found them prompt in meeting their obligations. In our opinion, therefore, you may safely allow them the credit asked for by them.

This information is, however, supplied in confidence and without any responsibility on our part.

Yours truly,

Moosa and Company.

7. *Unfavourable Reply.*

MOOSA AND COMPANY

Private and Confidential.

CARNAC ROAD,
BOMBAY.

27th January, 1942.

Messrs. Allahdin Munjee & Co.,
Lohar Chawl,
Bombay.

Dear Sirs,

In reply to your enquiry of the 26th January, we regret to state that we are not in a position to express an opinion on the financial status of the firm in question.

Yours faithfully,
Moosa and Company.

8. *Unfavourable Reply from the referee.*

MOOSA AND COMPANY

Private and Confidential

CARNAC ROAD,
BOMBAY.

27th January, 1942.

Messrs. Allahdin Munjee & Co.,
Lohar Chawl,
Bombay.

Dear Sirs,

In reply to your letter of yesterday, we have to inform you that the firm about which you enquire have been having a bad time lately, and more than once we have had to press them for payment of our bills. We should ourselves hesitate to extend them credit to the extent you mention.

Please note that this information is given in strict confidence and without prejudice.

Yours faithfully,
Moosa and Company.

*9 Letter Refusing Credit.***ALLAHDIN MUNJEE & CO.**Private and ConfidentialLOHAR CHAWL.
BOMBAY.

28th January, 1942.

Messrs. Owen & Co.,
Livery Street,
Allahabad.

Dear Sirs,

With reference to your letter dated the 23rd January, we regret to state that the advices received by us are not sufficiently clear to permit us to meet with your wishes, in the matter of credit. We trust that this position will be changed with time and that you will permit us, at present, to forward with the goods the Railway Receipt through our bankers, to be delivered on payment of our sight draft.

We await your instructions in the matter.

Yours faithfully,
Allahdin Munjee & Co.

TRADE REFERENCES AND STATUS ENQUIRIES

10. *Enquiry through a Banker.*

BHULABHAI PATEL & CO.

15, HORNBY ROAD,
BOMBAY.

23rd March, 1942.

The Manager,
The Central Bank of India, Ltd.,
Bombay.

Dear Sir,

Messrs. B. Shah & Co., of 27, Kalbadevi Road, Bombay, intend to open an account with us and have referred us to their bankers, The Bank of India, Ltd., Bombay. We shall thank you if you will kindly enquire into the financial standing and general reputation of the firm, and ascertain whether it would be safe on our part to grant them credit to the extent of Rs. 2,000/-.

Yours faithfully,

Bhulabhai Patel & Co.

11. *Reply from Bank.*

THE CENTRAL BANK OF INDIA, LTD.

Private and Confidential.

BOMBAY.

25th March, 1942.

Messrs. Bhulabhai Patel & Co.,
15, Hornby Road,
Bombay.

Dear Sirs,

In reply to your letter of the 22nd instant, we have to state that from the reports we have received, the firm in question enjoys a good reputation and its partners are regarded as men of means.

This information is given in confidence and without any responsibility on the part of this Bank.

Yours faithfully,
per pro. The Central Bank of India, Ltd.,

A. B. Vasi,
Chief Accountant.

CHAPTER IX

COMPLAINTS AND THEIR ADJUSTMENT

General.—After the goods ordered have been delivered to the buyer he examines them to find out whether they correspond in every detail to the order given. He also checks up the invoice with the order. If everything is in order he may not consider it necessary to acknowledge receipt of the goods. If, however, any discrepancy is discovered, the buyer is justified in bringing it to the notice of the supplier of the goods by writing a letter of complaint.

Occasions for Complaints.—It is difficult to enumerate fully the occasions that give rise to letters of complaint, but the following are the chief among them:

- (a) Delay in the execution of the order.
- (b) Difference in the quality of the goods supplied from those ordered.
- (c) Wrong goods supplied.
- (d) Shortage in goods.
- (e) Defective packing resulting in damage to the goods sent, etc.

Letters of Complaint.—It is not easy, as some people think, to write satisfactory letters of complaint. This is so because the person complaining is often in an angry mood, which being reflected in his letter makes it rude and discourteous. Such a letter is likely to defeat the purpose for which it is written, which is to have his grievance redressed. Drafting of successful letters of complaint, therefore, requires much care and skill. We give below a few hints on writing them:

- (1) The matter about which a complaint is made should be set down in a clear-cut language, as vague grievances render redress difficult.

(2) The complainant should remember that a friendly, persuasive, and courteous letter that assumes the other party to be honest will get adjustment more promptly and pleasantly than a querulous, fault-finding letter. There is always the possibility that the complainant himself or his employee is really to blame. The discovery of this fact later would make the situation awkward if strong language were used in the letter of complaint.

(3) Writing letters of complaint is an unpleasant business; therefore, if the pill can be sugar-coated, the opportunity should not be missed.

(4) There are occasions, however, when the use of language that does not mince matters is justifiable. In letters to those, for example, who have continually given grounds for complaint, redress should be sought firmly, especially after milder methods have failed. But even in these letters, discourteous or abusive language, unjust remarks and exaggerated statements are uncalled for.

(5) A letter written when its author is very indignant should not be posted until he has slept off his anger. He is likely to view the matter differently the next morning and to heave a sigh of relief as he reads the letter he did not despatch.

Replies to Letters of Complaint.—In modern business the old view that complaints are a nuisance stands discredited. The enlightened business man of today regards the customer who complains as a friend and benefactor; for he knows that the complaint gives him an opportunity to set right any defects in the organization of his business or his service, and also to prove by action his *desire* to serve the customer about which he has so often talked and written. He also realizes that all silent customers are not necessarily satisfied customers, and that some of them do not complain but just stop buying goods from him, and perhaps start talking about their grievances to others and thus injure his reputation. He, therefore, encourages reasonable expression of dissatisfaction with his goods.

Replies to complaints, or "Adjustment Letters" as they are called, require most delicate and skilful handling.

because they have to achieve the double object of satisfying the customer and of safeguarding the interest and reputation of the writer. We give below a few hints on the writing of such letters:

(1) Answer the complaint promptly. Delay in doing so is likely to increase the customer's annoyance. If it cannot be decided immediately whether an adjustment should be made or not, write a letter of acknowledgement, expressing regret for the cause of the complaint, and assuring the customer that his complaint is being investigated and that due action will be taken without delay. An effective way of dealing with serious complaints sometimes is to send the customer a telegram stating what is being done in the matter.

(2) If on enquiry it is found that the complaint is well founded, commence your reply to the complaint by thanking him for his letter and apologizing for the trouble caused to him. Explain briefly how the mistake was committed and assure the customer that you have taken steps to avoid the recurrence of similar mistakes in future. Above all, proceed to give the complainant immediate satisfaction.

(3) If the complaint is due to some misunderstanding on the part of the customer, do not, in your reply to him, suggest that he was careless, or ignorant or hasty in his judgment. State the facts he overlooked with the utmost courtesy, friendliness and good nature. Make him feel your reasonableness as well as your anxiety to serve him.

(4) If the complaint or claim is unjust or unreasonable, your letter refusing adjustment should contain a clear and frank statement of facts which will convince the reader of the justness of your decision. Although in such a letter you have to absolve yourself of all undeserved blame or responsibility, avoid using words or expressions that seem to charge the customer with dishonest or unworthy motives.

(5) If the customer's letter is sarcastic or abusive, do not pay him back in the same coin.

1. *A badly worded Letter of Complaint*

KASHINATH & SONS

Telephone : 25103.
Telegrams : "NATHA".

CHANDNI CHOWK,
DELHI.

21st March, 1941.

The Upper India Trading Co.,
Lohar Chawl,
Bombay.

Dear Sirs,

We cannot congratulate you on your delay in the execution of our order for electrical goods. You promised to send the goods at once but have not kept your word. It is now more than three weeks since we sent you the order and yet we have neither received the goods nor any explanation from you. We have no doubt that you will now hasten to offer an apology, but that is no substitute for the goods. Please understand that if you do not send the goods at once, you may regard this order as cancelled and our patronage lost by you for ever.

Yours faithfully,
Kashinath & Sons.

2. *The same Letter drafted in a Courteous Tone.*

KASHINATH & SONS.

Telephone : 25103.

Telegrams : "NATHA".

CHANDNI CHOWK,

DELHI.

21st March, 1941.

The Upper India Trading Co.,

Lohar Chawl,

Bombay.

Dear Sirs,

We sent you an urgent order for electrical goods on the 26th February. You acknowledged it on the 1st March, informing us that the goods would be assembled at once, and despatched by the first available passenger train. So far, the goods have not reached us, and this delay has resulted in considerable loss of business to us. If the goods are not already in transit, please hasten their despatch and let us know when we may expect to get them.

Yours faithfully,

Kashinath & Sons.

3. Reply to Letter complaining of Delay in Delivery of Goods

UPPER INDIA TRADING CO.

LOHAR CHAWL,

BOMBAY.

23rd March, 1942.

Messrs. Kashinath & Sons,
Chandni Chowk,
Delhi.

Dears Sirs,

Re. Order for Electrical Goods.

We confirm our telegram of today which runs as follows:—

“GOODS DESPATCHED LETTER FOLLOWS.”

We very much regret to state that on account of the heavy rush of orders from upcountry customers we could not take up our order for execution earlier than today. We quite realize that this delay must have caused you a good deal of inconvenience, but we submit that it was due to the heavy rush of orders, and not to any negligence on our part. We hope you will excuse us for the inconvenience caused.

Yours faithfully,

Upper India Trading Co.

4. A badly drafted "Adjustment Letter".

• BUXTON ENGINEERING COMPANY

Telegrams: "BUXTON".

Telephone: 2000.

16, APOLLO STREET,

BOMBAY.

24th March, 1941.

A. D. Mehta, Esq.,
Main Street,
Navsari.

Dear Sir,

We are greatly surprised to receive your letter of complaint dated the 4th inst. in which you maintain that the Buxton Water Pump recently installed in your garden well is very different in performance from what we advertised it to be.

• If the trouble of which you complain was the result of any defect in the manufacture of the Pump we should have received complaints also from other people who use this Pump. But yours is the only complaint we have received, although during the past three months we have sold through our Surat Agents more than 30 Pumps.

It appears from what you write about the performance of our "Buxton" that it is not the Pump but perhaps its installation that is at fault. We advise you to ask whoever installed the Pump for you to check and set right the installation. We are confident that our advertisements regarding Buxton Pumps say nothing that is not true.

Yours faithfully,
Buxton Engineering Co.

5. *The same Letter drafted in Courteous and Persuasive Language.*

BUXTON ENGINEERING COMPANY

Telegram: "BUXTON".

Telephone: 26004.

16, APOLLO STREET,

BOMBAY.

24th March, 1941.

A. D. Mehta, Esq.,
Main Street.
Navsari.

Dear Sir,

We thank you for your letter of the 4th March and are sorry to hear of the trouble you are having with the Buxton Water Pump you recently bought from our Surat Agents. The performance of every Buxton is guaranteed by us and we want you to feel that we always stand behind that guarantee.

We have instructed our Surat Agents, Messrs. Gandhi & Co., to send their engineer to inspect your Pump, especially to check its installation in every detail. As our Pumps are well tested before they leave the factory, we believe that the trouble you experience may be due to some fault in the installation of the Pump. The engineer, however, will trace the cause of trouble and give you the necessary advice. If he finds that any parts of the Pump are defective, we shall replace them at our cost.

As we are keen on counting you among the many enthusiastic users of "Buxton" we shall deem it a favour if, after the engineer has solved your difficulty, you kindly drop us a letter telling us that our "Buxton" is working to your entire satisfaction.

Yours faithfully,
Buxton Engineering Co.

Letter complaining of Delay in the Delivery of Goods.

THE NATIONAL PROVISION STORES

Telephone : 26519.

VERSOVA ROAD,
ANDHERI.

10th March, 1942.

The Nectar Canning Works,
Wallace Street,
Bombay 1.

Dear Sirs,

We are very much disappointed at the delay in the delivery of 2 gross jars of Jam ordered from you through your representative on Monday last. He promised to deliver the goods on Wednesday at the latest, and it is now Monday again and we have no trace of the goods. This inordinate delay is causing us considerable loss of business.

As this is not the first time we have had to complain of delay in the execution of our orders, we must state that we can only continue to place orders with you on condition that they will be promptly attended to.

We shall be pleased to receive the goods at once and also to have your assurance that such a delay will not be repeated.

Yours faithfully,
The National Provision Stores,
M. A. Ray,
Manager.

*7. Reply to a Letter complaining of Delay in the Delivery of Goods.***NATIONAL CYCLE MANUFACTURING COMPANY**

GANDHI BAZAR,
CALCUTTA.

28th April, 1942.

The City Cycle Co.,
Gulab Ganj,
Cawnpore.

Dear Sirs,

We are in receipt of your letter of the 25th inst. intimating to us that the goods ordered by you on the 15th March have not yet reached you.

We have looked into the matter and find that immediately on receipt of your order on the 17th March, the goods were assembled, carefully packed, and, according to our records, despatched the same day. The relevant invoice and the R/R were negotiated through the Central Bank of India, Ltd.

We have made enquiries at the E. I. R. Co.'s Goods Office and learn that the packages left Calcutta on the day they were booked. Evidently the packages have been unloaded by mistake at some intermediate station.

We are very sorry that this delay should have occurred and caused you inconvenience and anxiety. If the goods have, however, not reached you when this letter arrives, please telegraph to us at our expense and we shall at once duplicate the order.

We await your reply and assure you that we will always look after your interests.

Yours faithfully,
National Cycle Manufacturing Co.

8. *Reply to a Letter complaining of Delay in Delivery of Goods.*

B. DAS AND COMPANY

Specialists in Packing Cases and Tea Chests

G, GREEN STREET,
SHILLONG.

17th December, 1942.

Messrs. J. Brown & Jones, Ltd.,
Harrison Road,
Calcutta.

Dear Sirs,

We are in receipt of your letter of the 15th December, regarding delay in the delivery of the packing cases ordered by you on the 1st December, 1942.

We are sorry to state that a fire broke out in our workshop on the 13th inst. and destroyed the packing cases prepared for you along with some other goods. This naturally dislocated our business and prevented us from meeting our obligations. But, we are glad to say that we have resumed our normal business, and have already prepared a fresh supply of packing cases for you, which we shall despatch shortly.

We very much regret the delay which must have caused you great inconvenience, but we trust you realize our helplessness in the matter.

Yours faithfully,

B. Das & Co.

*9. Reply to a Letter complaining of Despatch of Wrong Goods.***CITY MOTOR STORE**

WEST STREET.

CALCUTTA.

17th April, 1945.

The Lucknow Motor Works,
Lucknow.

Dear Sirs,

We greatly regret the mistake made in the execution of your order of the 6th April for 20 "Dunlop" Tyres.

We had to make several changes recently in the staff of our packing department and some of the new employees do not seem to have yet become accustomed to their duties. The packer who was assigned the despatch of your order was engaged only a few days ago and he committed an error in checking your order.

We have forwarded you this day the Dunlop Tyres you ordered and request you to return carriage forward, at your convenience, the "Palmer" Tyres sent to you by mistake.

We have now taken steps to secure more effective supervision of the work of our new hands as we are very anxious to see that our customers are not put to any inconvenience through the inexperience of our staff.

Apologizing for the inconvenience you have suffered in this instance,

We are,
Yours faithfully,
City Motor Store.

*10. Letter complaining of Defect in Goods sent.***THE CRESCENT FOOD STORES**

SITARAM BUILDING,
CRAWFORD MARKET,
BOMBAY.

3rd July, 1942.

The Hindustan Biscuit Co.,
Poona, 1.

Gentlemen,

We have received a number of complaints from our customers to the effect that on opening tins of your "Ajax" Cream Crackers they found the contents in a badly broken condition.

Your consignment of "Ajax" biscuits was delivered to us on the 28th June. The boxes containing the tins were opened by our men in our own presence and they did not show any signs of damage. We can, therefore, assume that when the goods left you they were already in a damaged state.

We have a ready sale for these biscuits when they are up to the standard, but you will agree that their appearance and condition are no less important than their taste. We are, therefore, frankly worried about the grievance of our customers.

Our usual practice is to exchange sound goods for the defective ones returned to us, but in this case we are at a loss to decide whether to offer another package in exchange, when the chances seem to be that the substitute will be in no better condition.

We shall be pleased if you let us know what you propose to do in the matter.

Yours truly,
B. K. Dastoor,
Manager.

*11. Reply to Letter No. 10.***HINDUSTAN BISCUIT COMPANY**

MAIN STREET,
POONA, 1.
7th July, 1941.

The Crescent Food Stores,
Sitaram Building,
Crawford Market,
Bombay.

Dear Sirs,

Referring to your letter of the 3rd July, we request you to return to us at our expense all the tins of "Ajax" Cream Crackers you have in stock.

Meanwhile, we are rushing a fresh consignment to you which will reach you about the time you should receive this letter. We assure you that the new lot will be in first class condition.

With regard to the unsatisfactory condition of the biscuits we supplied you last week, we have, on inquiry, discovered the cause, which lay in the careless handling of the tins in our packing department.

We are grateful to you for calling our attention to this unfortunate occurrence, and are glad to inform you that we have taken the necessary steps to see that it will not be repeated.

Yours faithfully,
Hindustan Biscuit Company,
K. L. Engineer,
Manager.

12. *Reply to a Letter complaining of Incivility of an Employee.*

HINDUSTAN GENERAL STORES

BOMBAY, I.

1st July, 1943.

A. B. Antia, Esq.,
Gowalia Tank.
Bombay.

Dear Sir,

We cannot too strongly express our regret that you should have had cause to complain of the incivility of one of our assistants, and we thank you very much for taking the trouble to bring the incident to our notice.

We have investigated the matter and have found on the testimony of other assistants that the man concerned had acted, while serving you, in a rude and off-hand manner. We have severely reprimanded him and warned him that if he should do anything in future which might injure the reputation of this house for unfailing courtesy and civility, his services would immediately be dispensed with.

Please accept our deepest apologies for the occurrence.

Yours faithfully,
A. K. Kapuria,
General Manager.

13. *Letter complaining of Shortage in Goods and submitting a Claim.*

BEGRAJ RAMPARSAD

REWARI.

The Chief Traffic Manager,
B. B. & C. I. Railway,
Bombay.
Dear Sir,

17th July, 1942.

Re P. W. Bill No 54364 of 2-7-42
from Bombay Central to Rewari.

I regret to inform you that a consignment of 1000 phials of Cerelex Compound (Upjohn) booked to me by Messrs. Gupta & Co., of Bombay, under P. W. Bill No. 54364 dated 2nd July, 1942, at Railway Risk, arrived here in a most unsatisfactory condition. The iron hooks of the case were removed and some of the planks were broken. My agent who went to take delivery brought these facts to the notice of the Station Master and requested him to give Open Delivery of the consignment. This was given on the 15th July by your Railway's Claims Inspector when it was found that the case contained 900 instead of 1000 phials despatched. The necessary remarks as to the condition of the case and shortage of goods were entered by my agent in the Railway's Delivery Book.

As the goods were sent at Railway's risk I hold you responsible for the loss, which I assess as follows:

Value of 100 missing phials	Rs. a. p.
at Rs. 3/- each	300-0-0
Loss of profit at 25% of the value	
of goods	75-0-0
Proportionate freight ..	1-4-0
Total ..	Rs. 376-4-0

I send herewith the consignor's Invoice to show that my assessment of the loss is correct.

I trust you will admit this claim and pay it as soon as possible.

Yours faithfully,
Begraj Ramparsad.

CHAPTER X

COLLECTION LETTERS

Introduction.—Credit is an important feature of both retail and wholesale trade. In order that it may play its proper part in business, it is necessary to convert it into hard cash, in due course, so that the trader may have at his disposal an adequate amount of working capital. In spite of the many precautions which traders take while choosing parties to whom they might extend credit, circumstances do arise when some accounts fall into arrears. Almost every business man or firm is, thus, at one time or other, faced with the problem of collecting overdue accounts.

Collection methods.—The various methods of collecting overdue accounts are considered below:

(1) **By telephone calls.**—This method has only a limited application, for the simple reason that all the debtors are not on the telephone. It is also unwise to adopt it in the case of small amounts, for many customers take offence at being pressed for payment of small accounts, by telephone calls.

(2) **By personal calls.**—This method is quite popular with wholesale houses, as the number of their customers is limited, and the amounts to be collected are large. It is not very popular with retailers whose clientele runs into a large number.

(3) **By correspondence.**—This is by far the commonest collection method for the following reasons:

(a) **It is economical.**—This method is less expensive than that of personal calls, particularly because a single personal call does not ordinarily result in the recovery of a debt. As a rule several such calls have to be made before the debt is collected.

The cost of these might prove prohibitive, especially if the debtors live in a far-flung area. •

(b) **It is confidential.**—This is more confidential than other methods, because only the writer and the recipient of the letter know its contents.

(c) **It is a clear, permanent, and authentic record.**—A firm's representative entrusted with the work of collecting its debts by personal calls, in spite of being well-informed, may express opinions of which the firm may not approve, or which may be misinterpreted by the debtor. A letter is a written record in the hands of both the firm and its debtor. It can neither be denied by the firm nor interpreted in an unauthorized manner by the debtor.

(4) **By telegram.**—Some American firms have lately tried collecting their accounts by means of telegrams. Reports from that country show that, in some cases, remittances were received by the use of this method, when all other methods had failed. The reasons advanced to prove the superiority of the new method are that the telegram commands priority of attention, that its urgency secures immediate action, and that it has a 'punch' which is wanting in a letter.

(5) **By drafts.**—Many firms print a notice on their statements of accounts to the effect that if the accounts are not paid within a certain period, the creditor will draw a bill of exchange payable at sight, for the amount owed by the debtor. If, under this arrangement, an account is not paid within the stipulated period, the creditor draws on the debtor a bill of exchange, and sends it for collection through the Bank. The debtor, in such a case, is left with no alternative but either to pay the amount or to give reasons for non-payment. If the bill is refused payment without a valid cause, the debtor's credit with the bank is lowered. No business man would allow this to happen, if he could prevent it. This method is often adopted by the

creditor when he receives no reply to his various reminders to the debtor for payment of his account.

(6) By outside Pressure: Trade Protection Societies.—There is little doubt that few business men of experience will resort light-heartedly to a court of law, to recover their debts, as litigation is not only lengthy, costly, and tedious, but often produces very unsatisfactory results. On the other hand, a creditor cannot afford to treat those debts which ordinary routine methods have failed to recover as 'bad debts'. Therefore, business men in certain advanced countries like U.K., & U.S.A. seek the help of organizations known as 'Trade Protection Societies'. The services of such Societies are available to their members on payment of an annual subscription.

A Trade Protection Society begins by writing a polite letter on behalf of its member, requesting the debtor to pay the debt within a specified time. Should the first application fail, sharper demands follow, and if even these produce no result, and if circumstances justify the course, personal calls are made. If a debtor refuses to clear his debt when approached by a Trade Protection Society, he runs the risk of being classed as a bad payer in the reports issued by the society. A well-known example of this type of society in England is the London Association for the Protection of Trade.

Credit Manager.—In small businesses, the work of collecting overdue accounts is done either by the proprietor himself, or by the manager, if there be any. In large business houses, especially manufacturing companies or large factories, this work is often entrusted to an experienced Credit Manager, who is in charge of a separate department called the Credit and Collection of Accounts Department. It may be pointed out that every efficient factory or works is composed of three departments, the Manufacturing, the Selling and the Collecting departments. None of these should be subordinated to the other in the matter of staff or equipment. Just as the Manufacturing Department is held responsible for the quality and the quantity of the material turned out, and the Selling Department for dis-

posing of it at a profit, the Collecting Department is held responsible for the collection of accounts, without which there can be no profit. The work of the Credit Manager is, therefore, not inferior to that of any other departmental head.

Collection Routine—The general routine of collection of accounts may be described as follows:

(1) At first the debtor is sent a copy of the statement of account, with a remark below the statement that the account has fallen due on such and such date.

(2) If this brings forth no reply from the customer, a second statement of account is sent, with a brief letter, suggesting that perhaps the account has been overlooked, or that it has not reached the customer, and requesting him to pay the amount. At this stage, it is unwise to use strong language. The debtor's failure to pay so far may have been either intentional or through oversight. In case it is intentional, firm action can be taken later; but if it is through oversight, firm action at this stage would annoy the debtor, who may, consequently, decide not to do any more business with the firm.

(3) If the first two communications remain unanswered, a third reminder becomes necessary. In this, the creditor asks for payment of the debt, firmly but politely. He may point out the advisability of prompt payment, and fix a date by which the amount should be paid to him.

(4) If even the third reminder brings no response from the debtor, the situation has reached a point where the creditor makes a final appeal to the debtor to pay his debt, or take the consequences of legal action. This is called the 'last resort' collection letter. In this, the creditor uses every possible argument to induce the debtor to clear his debt. It should be remembered that even in this letter, in which firmness is more than justified, rudeness is unpardonable.

The method shown above is the general routine method of collecting debts. But there is nothing sacrosanct about it. It may be modified, changed, or even scrapped altogether, and a different method adopted in

its place, if circumstances make such a course desirable.
Hints on the writing of Collection Letters.

(a) **Be courteous but firm.**—The writing of collection letters requires great tact and skill on the part of the writer. A sharp insinuating letter annoys the debtor, and often makes him the more determined not to pay the debt. If he does pay, he still nurses a grievance against the person who has treated him so harshly, and resolves not to buy anything from him again. On the other hand, if a collection letter is too 'soft', it is, in many cases, treated lightly by the debtor, and even ignored. This means that the work of the Credit Manager is as difficult as that of a rope-walker. He is balanced on a tight-rope, trying at the same time both to hold the goodwill of the customer and to collect the money due from him. He cannot achieve this unless he scrupulously avoids the extremes of excessively 'sharp' and excessively 'soft' language, and chooses the golden mean of language that is courteous as well as firm, although the degree of firmness will depend upon the circumstances of each case.

(b) **Be friendly.**—The impression your letter should create on the debtor is that you want to help him out of the difficulty in which he may have been placed, and that you entertain a good opinion of him. We all respond to people who think well of us, and generally try to deserve the confidence that they place in us.

(c) **Be resourceful.**—If your debtor finds himself in a mess through lack of business experience, and if you are in a position to give him sound advice, suggest to him a definite procedure whereby he can clear his debt.

(d) **Appeal to the self-interest of the customer.**—Psychologists say that self-interest strongly affects human behaviour. It is better to tell a customer that it is to his advantage to keep his credit good, than to remind him how delinquent he has been.

(e) **Appeal to debtor's sense of fairness.**—This often produces results; but avoid dwelling at length on how badly he has treated you.

. . .

(f) **Need for helping the debtor.**—Sometimes it is to the advantage of a trader to invite his debtor to say frankly why his account has fallen into arrears and, after learning of his trouble, to help him to get over it. Similarly, it often pays a business man to support his debtor during a spell of bad trade, or to assist him in disposing of a stock unwisely bought, for a customer retained in this way is a source of continued profit. It should not be forgotten that obtaining new customers is more difficult than retaining old ones.

(g) **Adjust the letter to the customer.**—Different customers require different treatment. A wise Credit Manager, therefore, will vary the style of his letter to suit the character of the debtor and his account. We give below a brief classification of the various kinds of delinquent debtors, which though by no means exhaustive or scientific, will facilitate the study of this subject. Debtors may be classed as:

- (1) Honest but temporarily short of money.
- (2) Dishonest.
- (3) Negligent.
- (4) Miserly.
- (5) Dissatisfied with the creditor and therefore nursing a grievance against him.

The average business man intends to pay his debt. When he buys something on credit, he thinks he will be able to clear his debt by the due date. Sometimes, however, he over-estimates his ability to pay; or unforeseen circumstances make an unusual demand on his purse. In such circumstances, he may be unable to pay his debt within the time allowed. Yet he undoubtedly means to pay his debt, and pay it at the earliest opportunity. It is not wise to humiliate such a customer with letters that cast a reflexion on his honesty.

On the other hand, there are debtors who are positively dishonest. They ignore their obligations on purpose, and will refuse to meet them as long as they can. Such

persons require to be treated more firmly than honest customers, and at times even bluntly.

The negligent ones can usually be made to pay their debt by simply reminding them that it has become overdue, although some of them pay only after they have received a number of reminders.

Those who delay payment as long as possible out of sheer miserliness may be brought round by being reminded of the attractiveness of your cash discounts, or of the interest they would have to pay after a particular date, if they continue to delay payment.

- The dissatisfied customer may be induced to pay the debt by removal of the cause of his grievance.

Replies to Collection Letters.—A trader is often unable to clear his debts by the due date for various reasons. He may be unable to collect his own accounts from his customers. He might have bought more than he could dispose of within the time he had expected. Trade depression may be the cause of unsatisfactory sales of his goods. For these or other reasons a trader may not be able to settle his accounts.

Whatever may be the reason for his inability to pay, he may be well advised to answer letters regarding payment of his accounts promptly. His replies to such letters should frankly explain the circumstances which prevent him from paying his accounts, and say courteously what he proposes to do in the matter. He may ask for an extension in the time for payment, or suggest payment by instalments.

In any case, his letters should reveal the sincerity of his desire to pay his debt, and pay it at the earliest possible moment. If the creditor has already shown him some consideration or sympathy, the debtor should not fail to acknowledge it in a fitting manner.

Form Letters.—Many business houses use 'form letters' for collecting overdue accounts. These letters are replicas of model letters carefully composed for the purpose of dealing with the frequently recurring cases of

delay in the payment of accounts. The 'form letters' usually constitute a series, and are sent out to delinquent customers at certain intervals, as pointed out in our account of 'Collection Routine'. As 'form letters' may easily be copied from the original model letters they save much of the time of the busy Credit Manager, who would otherwise, have to draft a special letter for each debtor. Another advantage of such 'form letters' is that as they are turned out on a duplicating machine or printed and have, therefore, the appearance of a circular, they are least likely to hurt the self-respect of the recipients, who feel that they are being approached as a matter of routine, and not being specially singled out to be reminded of the state of their accounts. It is worth noting, however, that although 'form letters' serve a useful purpose, they cannot take the place of letters specially composed to suit the nature and the circumstances of the customers addressed.

FORM LETTERS

1. *First Letter enclosing a Statement of Account.*

SWISS INDIA WATCH COMPANY

90, HORNBY ROAD,
BOMBAY 1.

1st March, 1942.

The Oriental Trading Co.,
Chandni Chowk,
Delhi.

Gentlemen,

We enclose a statement of account made up to the 28th February, 1942, from which you will see that there is a balance of Rs. 350/- (Rupees three hundred and fifty only) in our favour.

We should much appreciate your remittance in settlement.

Yours faithfully,
Swiss India Watch Co.

2. *Statement of Account.*STATEMENT OF ACCOUNT

SWISS INDIA WATCH CO.

90, HORNBY ROAD, BOMBAY, 1.

1st March, 1942.

The Oriental Trading Co.,
Chandni Chowk,
Delhi.

Dr. to SWISS INDIA WATCH Co.

Terms : 2½ % 1 month

1942		Rs.	As.	Ps.	Rs.	As.	Ps.
Feb. 1	To balance				5		
12	„ goods	150					
18	„ „	300					
22	„ „	400			850		
					855		
Feb. 7	By cash	240					
20	„ „	270			510		
					345		

An early remittance will oblige us.

E. & O. E.

B. Master,
Manager.

3. *Second Letter enclosing a duplicate Statement of Account.*

SWISS INDIA WATCH COMPANY

90, HORNEY ROAD,
BOMBAY, 1.

16th March, 1942.

The Oriental Trading Co.,
Chandni Chowk,
Delhi.

Dear Sirs,

Re Settlement of Account No. C/1123.

We wrote to you on the 1st March, calling your attention to the account referred to above. As we have had no reply from you so far, we think our letter has probably not reached you. We, therefore, enclose a duplicate statement of account, and request you to give it your early attention.

Yours faithfully,
Swiss India Watch Co.

4. *Third Letter fixing a date for Payment.*

SWISS INDIA WATCH COMPANY

90, HORNBY ROAD,

BOMBAY, 1.

1st April, 1942.

The Oriental Trading Co.,
Chandni Chowk,
Delhi.

Dear Sirs,

Re Settlement of Account No. C/1123.

We are surprised to find that you have taken no notice of our letters of the 1st and 16th March regarding the settlement of the above account. As it is now very much overdue, we must insist on its payment by the 10th inst. at the latest.

Yours faithfully,

Swiss India Watch Co.

5. *Letter demanding payment : Threat of a Draft.*

SWISS INDIA WATCH COMPANY

90, HORNBY ROAD,
BOMBAY, 1.

1st April, 1942.

The Oriental Trading Co.,
Chandni Chowk,
Delhi.

Gentlemen,

Re Settlement of Account No. C/1123.

We have not yet received any reply to our letters of the 1st and 16th March; nor have we received any remittance in settlement of our account. As you have considerably exceeded the term of credit you were allowed, we must insist on receiving payment of our account by the 10th inst., failing which we shall draw upon you a bill of exchange payable at sight.

Hoping to receive an early remittance,

We remain,
Yours faithfully,

Swiss India Watch Co.

6. *Fourth Letter threatening Legal Action.*

SWISS INDIA WATCH COMPANY

90, HORNBY ROAD,
BOMBAY, 1.

30th April, 1942.

The Oriental Trading Co.,
Chandni Chowk,
Delhi.

Dear Sirs,

Re Settlement of Account No. C/1123.

Although we have repeatedly rendered you the above account, you have failed to settle it. We now inform you that unless we have a remittance within the next four days, we shall ask our solicitors to take the necessary steps to recover the amount.

Yours faithfully,

Swiss India Watch Co.

7. *Fourth Letter—Dishonour of the draft and a threat to take Legal Action.*

SWISS INDIA WATCH COMPANY

90, HORNBY ROAD,
BOMBAY, 1.
30th April, 1942.

The Oriental Trading Co.,
Chandni Chowk,
Delhi.

Dear Sirs,

Re Settlement of Account No. C/1123.

We are sorry to find that you have not offered protection to our bill of exchange of the 11th instant. We are, therefore, left with no alternative but to demand an immediate payment of the amount due to us.

We may point out that in the event of your not remitting the amount by the 7th of May next, we shall be obliged to entrust the matter to our solicitors, with instructions to take the necessary steps for recovering the amount.

We trust you will not compel us to take that unpleasant step.

Yours faithfully,
Swiss India Watch Co.

8. *Reply to letter No. 4.*

THE ORIENTAL TRADING CO.

CHANDNI CHOWK,

DELHI.

7th April, 1942.

The Swiss India Watch Co.,
90, Hornby Road,
Bombay, 1.

Dear Sirs,

I have received your letter of the 1st April, demanding an immediate payment of the amount due to you.

I am sorry to state in reply that the demand for watches this winter has been so small, that practically half of the goods you sent me still remain unsold. In other lines, too, trade has been very slack. I shall, therefore, be grateful if you will allow your account to stand over till the 30th of July this year.

I trust you will comply with my request.

Yours faithfully,
The Oriental Trading Co.,
K. L. Lalwani.

9. *Reply to Letter No. 8 asking for Acceptance of Draft.*

SWISS INDIA WATCH COMPANY

90, HORNBY ROAD,
BOMBAY, I.
10th April, 1942.

The Oriental Trading Co.,
Chandni Chowk,
Delhi.

Dear Sirs,

In view of the circumstances narrated by you in your letter of the 7th instant, we have decided to allow postponement of the payment of our account, on condition that you return to us, duly accepted, the enclosed Bill of Exchange for Rs. 350, falling due on the first of August, 1942.

We trust that you will meet the draft on maturity.

Yours faithfully,
Swiss India Watch Co.
K. G. Bhagat & Sons,
Proprietors.

Encl: Bill of Exchange.

10. *Letter enclosing cheque in Settlement.*

THE ORIENTAL TRADING CO.

CHANDNI CHOWK.
DELHI.

4th April, 1942.

The Swiss India Watch Co.,
90, Hornby Road,
Bombay, 1.

Dear Sirs,

Referring to your letters of the 1st and 16th March, we are sorry to state that our accountant, Mr. B. B. Mukerji, having gone on leave, we could not remit the amount earlier. Now that Mr. Mukerji has returned, we enclose our cheque for Rs. 350, in full payment of your account. •

We regret the delay in settling your account, and trust you will not mind it.

Yours faithfully,
The Oriental Trading Co.,
K. L. Lalwani.

11. *Letter asking a customer to take advantage of Cash Discount.*

NORTHERN INDIA TRADING CO.,

LAMINGTON ROAD,
BOMBAY.

25th October, 1944.

The Hornby Cycle Co.,
90, Hornby Road,
Bombay, 1.

Dear Sirs,

You are one of our esteemed customers who invariably settle their accounts promptly and take advantage of our cash discount of $2\frac{1}{2}\%$ one month. As your account for September is still unpaid we think it our duty to remind you that you are entitled to the discount only if your remittance reaches us by the end of this month.

Yours faithfully,
Northern India Trading Co.,
S. D. Parikh.

12. *A sympathetic letter to an old customer suggesting Payment by Instalments.*

HINDUSTAN TRADING COMPANY

21, LAMINGTON ROAD,
BOMBAY.

28th April, 1943.

Messrs. R. S. Engineer & Co.,
29, Kalbadevi Road,
Bombay, 2.

Dear Sirs,

It is so unusual for your account to fall into arrears, that I was surprised to learn from our Collection Manager, Mr. Dalal, that your February account is nearly two months overdue. He has also shown me the letters that he wrote to you in this connection. I am now writing this personal letter to you, to ask you to give the matter your early attention, as I do not wish our Collection Department to worry our old customers with reminders.

I should very much appreciate the courtesy of your informing me exactly how you stand, and whether I can assist you in any way. If you can make some reasonable proposal for payment, rest assured that I will give it the friendliest consideration. Perhaps you may be able to pay a part now, and the balance in instalments most convenient to you. I should welcome such a proposal from you. May I hear from you by return of post?

Yours very truly,
Hindustan Trading Co.,
S. D. Parikh,
General Manager.

12. *Letter asking a debtor to Return a part of the Unsold Goods.*

HINDUSTAN TRADING COMPANY

21. LAMINGTON ROAD,
BOMBAY.

22nd July, 1944.

Messrs. R. S. Engineer & Co.,
29, Kalbadevi Road,
Bombay, 2.

Dear Sirs,

We thank you for your letter of the 20th July, and are sorry to learn that there has been unusual slackness in your trade, which has prevented you from settling your account in time. We also note that you are holding over the settlement, until you are in a position to pay in full the amount of Rs. 1,200/- owed by you.

We should like to point out in this connection that we have already waited far too long for the settlement of this account. When you consider that we have to handle hundreds of separate accounts every month, you will realize that even a small proportion of such overdue accounts would amount to several thousands of rupees; and as we on our part make it a matter of principle to pay all our debts promptly, we have to insist on prompt payment by our customers in their turn. We are, therefore, unable to keep this account open any longer.

We are prepared, however, to assist you to get out of your difficulty, by taking back the goods you are unable to sell, and to give you credit for them. This will give you considerable relief from your debt, which you will be able to clear by a single remittance, or by two fortnightly instalments.

We shall be glad to hear that you approve of the above suggestion, and are arranging to send us the unsold goods, and your cheque preferably in full settlement of the debt.

Yours faithfully,
Hindustan Trading Co.

14. *Reply to a letter of collection : Cheque Enclosed.*

A. B. ENGINEERING WORKS

LAL BAZAR,
NAGPUR.

15th June, 1941.

The Hindustan Trading Co.,
Hornby Road,
Bombay.

Dear Sirs,

We have received your letter of the 12th June. Please excuse us for having overlooked your invoice of the 1st May for Rs. 350/-. We now enclose a cheque in full settlement of our account.

Yours faithfully,
per pro. A. B. Engineering Works,
D. D. Nagporewala.

15. *Letter requesting Extension of Time.*

TILAK HOSIERY COMPANY

POONA, 2.

14th June, 1942.

Messrs. Mansukhlal & Co.,
Chakla Street,
Bombay.

Dear Sirs,

We learn from your letter dated the 12th June that you have drawn on us at sight for the balance of our April account. We are sorry we are unable to meet this draft at the moment. If you will kindly instruct your bankers to treat it as payable 30 days after sight, we are confident, we shall be able to meet it on maturity. We shall consider it a favour if you will agree to this request.

Yours faithfully.

T. B. Tilak,
Proprietor.

16. *Letter promising payment shortly.*

KHAR DRUG STORES

1, STATION ROAD,
KHAR, BOMBAY, 21.

30th May, 1946.

The Persian Drug Co.,
Usuf Building,
Churchgate Street,
Bombay, 1.

Dear Sirs,

We regret, owing to a large number of our outstanding accounts, we have not been able to send you a cheque for our account, which fell due last month. We expect to receive two or three large remittances from our customers within the next few days, and to send you at least half the amount due to you before the end of this week.

Yours faithfully,
per pro. Khar Drug Stores,
J. D'Costa,
Manager.

17. *Letter proposing to pay by instalments.*

GIRGAUM STATIONERY MART

PANT NIWAS,
CHARNI ROAD,
BOMBAY, 4.
1st July, 1944.

The International Traders,
Elphinstone Circle,
Bombay, 1.

Dear Sirs,

The reason why we did not answer your letters regarding our account is that we wanted to send you the most satisfactory reply in the shape of a cheque in full settlement of your account. Unfortunately, we could not realize this wish as, owing to a depression in our trade, we have been unable to realize a large number of our outstanding accounts.

We are trying our utmost to collect the dues, and also to dispose of our stock, even at a nominal profit, to secure ready cash. We do not, however, expect to realize within a short time sufficient funds to enable us to pay off your debt by a single remittance. We, therefore, propose to send you a cheque of Rs. 200/- every week, instead of waiting till we can send you the whole amount.

We are, indeed, grateful to you for not having pressed us for payment so far, and request the favour of a little more time, to enable us to clear our account in the way we have suggested.

Yours faithfully,
V. Prabhakar,
Proprietor.

CHAPTER XI

CIRCULAR LETTERS

Introduction.—A circular letter is a letter of which many copies are prepared and sent round to a number of people. When a tradesman has to give the same information to many customers, he does this by means of the circular letter. At first he prepares a draft of the letter, and then makes as many copies of it as he wants to send out, on a duplicator or by any other copying process, including printing.

It is necessary to exercise the greatest care in drafting a circular letter. If it contains a mistake of fact, the hundreds or thousands of persons who receive it will be misinformed. If it is discourteous, it may antagonize them all. On the other hand, a well-written circular letter can be a source of immense profit to the writer, as by means of it he can reach a large number of people and obtain their patronage. The potentiality of the circular letter for good and for evil, therefore, should never be lost sight of.

Occasions on which circular letters are sent.—The following are the chief occasions on which such letters are issued.

- (a) Establishment of a new business.
- (b) Admission of a partner.
- (c) Removal of business to new premises, or opening of a new branch.
- (d) Death or retirement of a partner.
- (e) Conversion of a partnership into a limited company.
- (f) Granting of Power of Procuration.
- (g) Obtaining an agency.
- (h) Clearance Sales.

(a) **Establishment of a new Business.**—A circular letter announcing the establishment of a new business usually contains information on the following points:

- (i) The name of the firm, its address and the nature of the business.
- (ii) The date of its establishment.
- (iii) The qualifications of the proprietor, or manager, particularly his knowledge of the trade, business experience, etc.
- (iv) The capital at the disposal of the proprietor. This may be indicated only when it is thought desirable to do so. Ordinarily, it may just be stated that the capital is adequate. The exact amount need not be mentioned.
- (v) The quality of the goods offered and the fairness of the prices charged.
- (vi) Reference to the specimen signature of the proprietor, if this is necessary.

While mentioning his ability, business experience, and the quality of his goods, the writer should exercise restraint; otherwise his letter is likely to breed distrust. Reference to the specimen signature is necessary to guard against possible forgery.

(b) Admission of a Partner.—Occasions arise when a business man decides to take in a partner. He may do so on account of the expansion of his business, and his consequent inability to look after it single-handed, or on account of his need for more capital, or for some other reason. As the admission of a partner brings about a change in the constitution of the business, this fact has to be intimated to the customers. This is done by means of a circular letter. Such a letter states the name of the new partner, and the date from which he has been admitted into the partnership. It may give the reasons for his admission, and speak appreciatively of his experience, ability and the capital that he brings with him. It may also invite the attention of the customers to the signature of the partner, which is usually given at the end of the letter, or on an enclosed slip. If on account of the admission of the partner, there is a change in the style of the business, this fact is, also, stated in the letter. An expression of thanks

to the customers for their patronage in the past, and a courteous request for its continuance in the future, usually closes the letter.

(c) **Removal of Business to new Premises.**—When a trader, owing to the expansion of his business, moves to new premises, he may announce this to his customers by means of a circular letter. A few hints on the writing of such a letter are given below:

- (i) If the new premises are more commodious, or more centrally situated, and therefore, within easier reach of the customers, the fact should be emphasized in appropriate language.
- (ii) The writer's reference to the expansion of his business should be made in language that is free from egotism and boasting.
- (iii) The address of the new premises should be clearly indicated.
- (iv) If the transfer of business to the new premises is likely to result in some delay in the execution of orders of the customers, it is advisable to inform them of this, so that they may have no ground for complaint.

(d) **Death or Retirement of a Partner.**—The loss of a partner through death is another occasion for sending out a circular letter. In it the writer announces with regret the death of the partner, and acknowledges formally the services rendered by him to the business. If the writer intends to continue to trade under the same style and on the same lines as before, he says so. On the other hand, if the name of the firm is going to be changed, this is pointed out and the new name indicated. If it has been decided to take in a new partner in place of the deceased, the writer mentions his name, business experience, ability, etc. Finally, the writer expresses the hope for a continuance of the favour which the customer has shown him in the past.

In a letter announcing the retirement of a partner, the writer usually regrets the loss of the retiring partner, and refers appreciatively to his services to the firm. This

should be done in such a way as would not shake the customers' confidence in the existing firm. One method of retaining their confidence is to inform them that the firm will be run on the same lines as before. In some cases it is advisable to state why the partner has retired. This is so when his retirement is due to ill health or old age. If the retiring partner withdraws his share from the firm's capital and the remaining partners make additional contributions to keep the firm adequately capitalized, this should be mentioned in the letter. Any change in the name of the firm should, of course, be pointed out.

(e) Conversion of a Partnership into a Joint-Stock Company.—At times the expansion of the business of a firm makes it necessary to convert it into a limited company. The main advantages of this form of organization are:

- (i) The liability of its members is limited to the extent of the shares held by them and, therefore, they cannot be made personally liable for the debts of the concern, as in the case of a partnership.
- (ii) It can usually raise more capital than a partnership.

In letters intimating such a conversion, the writer states that the expansion of the firm's business and the consequent need for more capital have rendered the conversion desirable. As a limited company tends to become more impersonal than a partnership, the customers may become apprehensive that the company will not take as much personal interest in their requirements as was shown by the partnership. The circular letter should, therefore, reassure them on this point, and tell them that their needs will receive the same attention as in the past.

(f) Granting of Power of Procurement.—The circular letter intimating this is formal. It simply notifies the granting of the power of procurement, and contains a specimen signature of the person to whom such a power has been granted. The granting of the power of attorney as well as its cancellation may also be made the subject of a notice in a newspaper.

(g) **Obtaining an Agency.**—When a trader obtains the agency for a product for which he thinks there is a market in his trading area, he has to take steps to make the fact known. This he may do by advertising it in the press, as well as by sending out suitable circular letters. Such letters should refer to the excellence of the product and the fairness of its price in relation to its quality. The letter closes by soliciting a trial. It should be noted that such a letter is really a sales letter, and the principles underlying the writing of sales letters, explained elsewhere in this book, apply to it as well.

(h) **Clearance Sales.**—Business men generally make clearance sales known to the public by means of advertisements in newspapers. But, at times, they announce them by means of circular letters as well. The advantage of a letter over an advertisement is that the letter can be addressed to a special class or a selected number of persons, and is less likely to be overlooked. Further, a product can be more fully explained in a letter than in an advertisement. Besides, a letter is likely to be kept by the recipient on his file for future reference.

In the circular letter announcing a clearance sale, the writer first refers to some of the most attractive features of the sale. He then recommends an early visit to his shop, so that customers may see personally the high quality and the wide range or variety of the products offered for sale. In the end he assures them of the genuineness of the sale, and exhorts them to take advantage of it as early as possible, by reminding them that on such occasions 'Those who buy early buy the best'.

1. *Letter announcing the Establishment of a New Business.*

IRANI AND COMPANY
Grocers and Provision Merchants

SITARAM BUILDING,
HORNBY ROAD,
BOMBAY, I.
1st March, 1942.

Dear Sir/Madam,

You will be pleased to learn that we are opening on Monday next a high class Grocery and Provision Store at the above address.

The store will be in charge of Mr. Richard Ferguson, who was formerly manager of the grocery department of the Army and Navy Co-operative Stores, Ltd., Bombay. His experience of the trade will assist us in selecting the best goods, and in running the business on the most efficient lines.

We have adequate capital at our disposal, which will enable us to keep as large and varied a stock as can be obtained anywhere in this city. It will also make it possible for us to buy in bulk and sell at very moderate prices.

It is, of course, impossible for us to prove the quality of our goods in relation to their prices unless you are good enough to give us a trial order. May we hope that you will see your way to do this? We are quite confident that you will be satisfied with the result.

Yours faithfully,
Irani & Co.

2. *Letter announcing the Admission of a Partner.*

C. N. PARIKH

Manufacturing Chemist and Druggist

22, PRINCESS STREET,
BOMBAY.

22nd March, 1942

Messrs. Rajpal & Co.,
Main Road,
Allahabad.

Dear Sirs,

I have pleasure in informing you that owing to the large increase in my business, I have, this day, taken into partnership Mr. C. J. Kapadia, and that this business will henceforth be run under the style of

PARIKH & KAPADIA.

Mr. Kapadia has been working as my senior traveller for the past 20 years, and is thoroughly conversant with all the details of this trade. Besides, he brings into the business a capital of Rs. 15,000/-. His admission as a partner will, therefore, prove to be of great value to us, and will enable us to extend our business in areas so far untouched.

Thanking you for your past favours and hoping for a continuance of the same,

I remain,
Yours faithfully,
C. N. Parikh.

Mr. Kapadia will sign—
Parikh & Kapadia.

3. *Letter announcing the removal of Factory to new Premises.*

LUDHIANA HOSIERY WORKS

WAKEFIELD ROAD,
LUDHIANA.

7th August, 1942.

The Bombay Hosiery Mart,
Chakla Street,
Bombay.

Dear Sirs,

We are pleased to inform you that the continued expansion of our business has necessitated the removal of our office and factory to more commodious premises at 122-5, Station Road, Ludhiana, which will be our address from the 20th of this month.

Our new factory has been completely remodelled and considerably enlarged by the addition of new and expensive machinery recently imported from America. Further, its close proximity to the railway station will enable us to despatch goods ordered by our customers more promptly. Thus we shall now be in a position to execute the orders of our customers more expeditiously and to supply them with goods that will be the last word in skilled workmanship.

The shifting of machinery to the new premises and its installation there are likely to take some time. But we hope to be able to resume normal working by the end of this month.

We await your esteemed orders at our new address.

*Yours faithfully,
Ludhiana Hosiery Works.

1. *Letter announcing the Death of a Partner and the Admission of a New Partner.*

RAMPRASAD AND RADHAKRISHAN

General Merchants & Commission Agents

20, KALBADEVI ROAD,
BOMBAY.

13th January, 1942

Messrs. Ramkrishan & Co.,
Temple Road,
Lahore.

Dear Sirs,

I regret to announce the premature death of my much esteemed partner, Mr. Ramprasad, who was one of the founders of this firm and who took great pains in bringing it to its present position.

I am, however, glad to inform you that I have admitted into partnership Mr. Ganga Prasad, the son of the deceased. Mr. Ganga Prasad has been working in our firm for a number of years, and is quite competent to occupy his father's place. We shall continue to trade under the same style and on exactly the same lines as before. We confidently hope that you will favour us with your esteemed orders as in the past.

Yours faithfully,
Ramprasad and Radhakrishan,
A. Radhakrishan.

Mr. Ganga Prasad will sign:
Ramprasad & Radhakrishan.

5. *Letter announcing the Retirement of a Partner.*

RAMLAL SHARMA & COMPANY

General Merchants & Commission Agents

20, KALBADEVI ROAD,
BOMBAY.

19th January, 1942.

Messrs. Nathalal & Co.,
Lal Bazar,
Nagpur.

Dear Sirs,

We are sorry to inform you of the retirement from this firm of our senior partner, Mr. Ramlal Sharma, on account of old age and continued ill-health. Mr. Sharma was one of the founders of this firm, and it is a matter of great regret to us that we should lose the assistance of such an able and experienced business man.

As, however, on account of Mr. Sharma's indifferent health during the last two years, his work in the firm had been completely taken over by our young and energetic partner, Mr. Rask Mehta, the business of our firm will not be much affected by Mr. Sharma's retirement. There will be no change in the policy of the firm, which will be run exactly on the same lines as in the past.

We have also to inform you that our resources will not be diminished by the withdrawal by Mr. Sharma of his share from the firm's capital because of the additional contributions made to it by the remaining partners.

We thank you for the confidence you have so far reposed in us, and hope that we shall soon have the pleasure of executing your new orders.

Yours faithfully,
Ramlal Sharma & Co.

6. *Letter announcing the Conversion of a Partnership into a Limited Company.*

WADIA, DALAL & CO.

PARSI BAZAR STREET,
BOMBAY.

17th February, 1942.

Messrs. Pocha & Sons,
New Street,
Poona.

Dear Sirs,

We are pleased to inform you that we have decided to convert our firm into a private limited company with a view to raising the necessary capital that would enable us to expand our business. The name and style of the new company which will come into existence as from the 1st March, 1942, will be:

WADIA, DALAL & COMPANY, LIMITED.

It is true that the composition of our business is changed; nevertheless, we wish to assure our customers that, so far as their interests are concerned, the change will be in name only. The personal relationship that has existed between them and the firm will be maintained, and the traditions built up by it upheld by the company.

Yours faithfully,

Wadia, Dalal and Company.

*7. Letter announcing the Granting of Power of Procuration.***M. M. VARMA & COMPANY****Builders and Contractors**

SIR P. M. ROAD,
FORT,
BOMBAY.

20th April, 1942.

Messrs. Pavri & Co.,
Lime & Cement Merchants,
Null Bazar,
Bombay.

Dear Sirs,

I have to inform you that my business commitments necessitate frequent absence from the city. This often causes inconvenience to my staff, suppliers and clients. I have, therefore, this day granted Power of Attorney to my Manager, Mr. Jivanlal L. Kapur, to sign letters and cheques on my behalf.

A specimen of his signature is given below.

Yours truly,
M. M. Varma.

Mr. Jivanlal L. Kapur will sign:
per pro. M. M. Varma & Co.
J. L. Kapur.

8. *Letter announcing the Obtaining of an Agency.***MENON BORTHERS**

20, TRIPURIPURA,
MADRAS.

15th January. 1942.

The City Provision Stores, Ltd.,
Main Road,
Madras.

Dear Sirs,

We have great pleasure in informing you that our firm has been entrusted by the Cama Oil Mill Co., Ltd., Bombay, with the marketing of their "Camco Brand" oils and soaps throughout this province.

You will agree with us that "Camco" goods need little introduction to the trade. They are manufactured by a well-known business house, and have already made a name for purity and excellence. Their "Lotus Soap" and "Kesh Wardhini Hair Oil" are familiar to every household in Northern India.

Under arrangements with our principals we have agreed to keep a fairly large stock of their products. We shall, therefore, be in a position to effect delivery from our stock of all varieties of "Camco" goods. We may also point out that under the terms of the agreement with our principals, we are appointed their sole distributors in the Madras Province, and no order will be entertained by them direct from any dealer.

We enclose a wholesale price-list of "Camco" products. You will please note that all prices are subject to a trade discount of 10 per cent.

We have always aimed at supplying you with goods of the best quality, and once again offer you high-grade goods on the most convenient and attractive terms.

Yours faithfully,
Menon Bros.

9 *Circular letter introducing a New Line of Goods.*

WEST END WATCH COMPANY

BOMBAY.

1st March, 1934.

The Reliance Watch Co.,
13, Abdul Rehman Street,
Bombay.

Dear Sirs,

We have much pleasure in informing you that we are now in a position to satisfy the general demand for a cheaper line of West End watches by introducing into the market a new series, namely, the Secundus, which we have just received from our Home Office.

These watches, like all other West End watches, are sound, reliable timekeepers and they will give good and honest service. Naturally, at such low prices, they lack some of the refinements of our high-grade watches, principally so with regard to points of finish. In all essentials, however, they are built on our usual full-grade West End standard both as to movements and cases.

A few copies of the leaflet relating to this series are sent herewith and we shall at all times be pleased to supply more, if required. By issuing this leaflet we are including the SECUNDUS among our regular patterns. Their sale to the public is, therefore, governed by the same rules and regulations as apply to other watches.

We sincerely hope that this new line will give a fresh impetus to the demand for West End watches and that you will fully co-operate with us to our mutual advantage.

Yours faithfully,
West End Watch Co.

*10. Letter announcing a Clearance Sale.***EXCELSIOR TRADING COMPANY**

20, CANNAUGHT PLACE,
NEW DELHI.

15th September, 1941.

J. C. Bhargava, Esq.,
Curzon Road,
New Delhi.

Dear Sir,

With a view to making room for new stock for the coming winter season, we have decided to effect a Clearance Sale of our present stock, commencing from the 21st inst.

We enclose a copy of our catalogue containing the original and the reduced prices. A perusal of this will show that a substantial reduction in prices has been made in all departments, and that prices have been marked down as low as 50 per cent in men's readymade cotton suits, silk mufflers, 'sola' hats and cotton socks. In all these, our stocks at the moment are unrivalled both for quality and variety.

The sale will remain open only for ten days, and if you wish to make sure of securing the pick of the bargains, please call early.

Yours faithfully,

Excelsior Trading Co., Ltd.

CHAPTER XII

SALES LETTERS

Introduction.—A sales letter may be defined as a letter written with a view to effecting the sale of merchandise or service. In a way every business letter is a sales letter; for, a reply to an enquiry, a letter written to pacify an angry customer, a trade circular, a letter designed to collect an overdue account, all these and other business letters, if properly written, help to establish a bond of goodwill between the writer and the recipient, which may ultimately result in the sale of the writer's goods. Therefore, every well-written business letter should be regarded as a sales letter. In this chapter, however, we are concerned with only those types of sales letters which have as their immediate object the sale of goods or services.

Sales Letter versus Salesman.—A sale may be effected through a salesman or by a sales letter. The latter has certain advantages over the former: (i) A letter costs less than a salesman. (ii) However skilful and efficient a salesman may be, his prospect may not grant him an interview. A sales letter, on the other hand, succeeds, in almost all cases, in reaching the person addressed. If, after seeing it, he throws it into the waste-paper basket, he does so only because the letter is badly drafted and unimpressive. (iii) A salesman meeting his prospect may, not infrequently, talk in a haphazard manner, being upset by what the customer may say or do, and his sales talk, in that case, does not produce the desired result. But a sales letter, planned and drafted by its author with care and thought, in the quiet atmosphere of his office, or in an inspired mood, and containing the most persuasive arguments, is not affected by the reactions of its reader. No wonder, therefore, that in America, commercially the most advanced country in the world, the technique of writing sales letters has reached

the peak of perfection, and business worth millions of dollars is obtained by means of sales letters and 'follow-ups'.

Parts of a Sales Letter.—A sales letter usually consists of three parts: (a) the introductory paragraph, (b) the body of the letter, and (c) the closing paragraph.

The Introductory Paragraph.—It is this paragraph which often saves a sales letter from being thrown into the waste-paper basket. Its function is to capture the attention of the reader. It should be so arresting that the reader is moved by an irresistible desire to read the letter through. This object is not likely to be achieved if this paragraph is too long. Therefore, in drafting it, do not beat about the bush, but approach your subject straightway. Avoid commencing it with a hackneyed phrase such as, 'We have pleasure in bringing this to your notice.....' Also, do not make it too clever, pert or over-smart, for then it will not sound sincere.

There is no cut and dried method of making this paragraph attract and hold the attention of the reader. A study of the opening paragraph of successful sales letters shows, however, that any one of the following devices, if properly employed, serves to make the opening paragraph capture the interest of the reader, and induce him to read the letter through. For example, the opening paragraph may appeal to his self-interest by showing him how he can make or save more money, or live in greater comfort or security. A simple statement of fact, a paradoxical statement, a genial or humorous remark, a provocative question, a quotation from a famous person, an epigram—any of these may be suitably used to open the paragraph. A note of inconspicuous flattery running through it is also likely to pierce through the indifference of the reader. We give below a few examples of introductory paragraphs selected from effective sales letters.

(1) 'Starving people win no victories! That is why such immense efforts are made on both sides in blockade and counter-blockade. The people must be fed and fed well. It is inevitable, therefore, that the House of Heinz

should come into the struggle.' (This is about Heinz tinned foods introduced during the World War II.)

(2) 'No matter how far away from America you live, you are still a member of a unique American Community—the *TIME* Community—probably the most alert group of news-minded men and women in the world.' (This is from a sales letter regarding the well-known American magazine *Time*.)

(3) 'We think it our duty to give you advance information about an almost certain rise in the price of English suitings. You have been our patron for ten years, and we want you to take advantage of the present level of prices. You have recently bought some suitings from us, but we are definitely of the opinion that it will be worth your while to go in for an extra stock, while the present prices hold.'

(4) 'Did you ever see a cheap watch that was any good?' (This may be used for an expensive watch, or for an inexpensive but reliable watch.)

(5) 'You would not think of discarding your fountain pen simply because the ink is exhausted!' (This refers to an offer to re-ink typewriter ribbons.)

(6) 'After baby's food, and baby's clothes, the most important thing you have to decide upon is the little carriage that baby is going to ride in—is going to be seen in, is going to be admired in.'

The body of the Letter.—The body of the letter carries the greatest load because it contains its chief message. Its function is to convince the reader of the excellence of the product to be sold, and to fill him with an overwhelming desire to possess it. Unfortunately, many sales letters start well, but fizzle out in the middle, because their authors do not know the proper technique of drafting this difficult part of the letter. We, therefore, propose to consider it in some detail.

As this part of the letter is intended to convince the customer of the excellence of the goods offered for sale, it should supply him with all the information he would need

to be so convinced. For example, if you intend to sell a tooth-brush to a class of educated customers, you will fail in your purpose unless you satisfy them that the shape of the brush is such as will enable it to clean all parts of the mouth thoroughly, that its bristles are sterilized, and do not become soggy and fall out after brief use, that it can easily be cleaned, etc. You cannot do this merely by asserting all these virtues for your brush. You must support your claims by evidence. If your brush was awarded medals at authentic exhibitions, or if it has been recommended by a Medical Association or by some similar body, or if you can quote the opinion of a famous dentist in its favour, your statement is likely to carry weight.

Note that the *Time* letter, appearing as one of the specimen letters at the end of this chapter, does not merely say that it gives every week 'significant news of the world', 'accurately, clearly and without bias', but before asking a subscriber to renew his subscription for the journal, the letter piles up evidence to show that 'it is the magazine of the intelligentsia of the world,' that 'it is read by the King of England', 'by a person who has insured himself for \$7,000,000,' by 'a quarter of all officers and directors of practically every well-known American corporation', by '700,000 families,' and that '74 per cent of its readers go to Colleges,' etc. No wonder, therefore, it succeeds in inducing the subscriber to renew his subscription.

A fault to be avoided in talking of your goods is the use of superlatives, which is likely to breed distrust in the mind of the reader. It is reported that a famous American store once sent 50 vacuum cleaners on approval to a certain town. Their recipients used them for a week free of charge, and finding them eminently satisfactory, bought them. The sales manager of the store afterwards sent out two series of sales letters about the vacuum cleaner to other towns. In one of them he wrote: 'Out of 50 vacuum cleaners sent on approval none was returned'; in the other, 'Out of 50 vacuum cleaners sent on approval, only 4 were returned.' The sales from the second series were 25 per

cent higher than from the first. It should, therefore, be noted, that a slight understatement of the merits of your goods is more likely to sell them than their praise in exaggerated terms.

Various types of Appeals.—Various sales letters contain various kinds of appeal. The choice of appeal in a letter will depend on the character of the article for sale, and upon the class of persons addressed. *Appeal to the pride of possession* may be made in letters to be sent to wealthy persons. Such an appeal is appropriate for articles like automobiles, pianos, jewellery, expensive furniture, china, etc. The *vanity appeal* would be useful in the case of articles of apparel such as dress-suits, saris, frocks, dresses, etc., and also for aids to beauty, like lipsticks, rouges, face-creams, etc. The *luxury appeal* would be suitable for automobiles, furs, high-quality cigarettes and perfumes. It is, of course, impossible to give here an exhaustive list of appeals of various kinds, and to state for what type of articles and persons they would be useful. We should like, however, to point out that the *economy appeal* is usually the strongest of all appeals for upper and lower middle class people, but it can be adapted to suit well-to-do people as well.

The 'You' attitude.—By considering the interests of others, business men directly benefit themselves. Let your sales letters, therefore, show that you have made your customer's problem your own. Nothing ruins the chances of success of a sales letter so much as the selfishness or egotism of the writer. Your customer is more interested in himself than in you or your product. So let there be more of *You*, and as little as possible of *I*, in your letter. Analyse the buyer's point of view, and endeavour to satisfy his wants. It is reported that a sales manager in Calcutta received about 2,000 enquiries as the result of an advertisement in a daily newspaper. He classified his replies to the enquiries into two groups. One half of the replies commenced with 'We have received your enquiry of..... and have arranged to send you under separate cover.....'

The other half began with 'You will receive a complete range of samples shortly after you receive this letter....' The sales resulting from the second group of replies were 15% higher than those from the first group. Surely carefully the 'You' attitude adopted in the *Time* letter and see what excellent use is made of it. 'You are a member of a unique American Community—the *Time* community—probably the most alert group of news-minded men and women in the world.....one of you is King of England..... you are the best educated as well as the best informed 700,000 families..... 74 per cent of you went to Collegeyou are an articulate group. You do a lot of reading.....', etc.

The Language.—The language of an effective sales letter is like the talk of a good salesman. Its every sentence is so warm and human that the reader feels that a salesman is talking to him. Short words and simple sentences help to achieve this conversational style. In fact, simplicity of wording, desirable in every business letter, is a *sine qua non* of a sales letter. The conventional rubber-stamp language of bygone days should be avoided like the plague. Only plain, sincere, unpretentious words can give a sales letter that vigour and pull necessary to make it effective.

The Arrangement of the Subject Matter.—The subject matter should be arranged in paragraphs of suitable length, none of which should be tiresomely long or boring. Moreover, the transition from one paragraph to another should be natural. The body of the letter should lead the reader, by degrees, from just an interest in your article to a climax of desire to own it. Its concluding part should, therefore, be the strongest in appeal. It may be heaped with persuasive arguments which by their cumulative effect convince him of the excellence of the product and make him eager to possess it.

The Closing of the Letter.—The purpose of this paragraph is to stimulate such action on the part of the reader as the body of the letter has been preparing him for, and to make it easy for him to take that action. It should tell

him briefly, clearly, and in a positive manner, what he should do. If a good build-up has already roused his desire to the highest pitch, let not a weak conclusion allow that desire to cool off. Now, at this psychological moment, all that the writer has to do is to prod the reader to act, and to act quickly.

The conclusion of many a sales letter is weak, because it betrays the writer's diffidence about accomplishing his purpose. If he is not confident of favourable action on the part of the reader, in all probability he will not get it. Consequently, he should display plenty of confidence in this part of the letter. He should take it for granted that the prospect is going to buy his article. Sales letters concluding with stale expressions, such as 'Trusting to get a favourable reply from you in the near future', are, as a rule, ineffective, because such stereotyped language takes all the punch out of them.

'Follow-up' Letters.—The title 'follow-up' is given to those sales letters which are sent to a prospect after the first sales letter has failed to produce the desired result. In selling by post, a single sales letter often yields no result, and so it is usual to follow it up by a series of sales letters, so that all the possibilities of selling the article may be exhausted. Besides, as the series progresses, fresh arguments are introduced, and additional inducements offered. The theory underlying the preparation of 'follow-ups' is that there is one special line of argument or reasoning, or a special method of approach suited to each class of individuals. If, for example, the first two letters of a series leave a prospect cold, he may be induced to buy the article by the third letter, containing an appeal different from those contained in the first two. This theory is tested on the touchstone of practice, and found to be substantially correct.

Hints on the drafting of Follow-up Letters :

1. Each series should be written to suit the particular class of customers to which it is addressed, taking into

consideration the needs, the desires, and the ways of thinking of that class.

2. The interval between any two follow-up letters of a series should not be unduly long. The matter should be pursued while it is still fresh in the mind of the reader.
3. The appeal of each letter should be tested by sending out only a few letters at first. If it is effective, more letters of the series may be sent out. If it is unsuccessful, the letter should be improved upon.
4. Use new arguments in each follow-up letter. Do not repeat what has been said in the previous letter.

1. *Letter offering to re-ink old typewriter ribbons.*

THE STANDARD RIBBON WORKS

15, ELPHINSTONE CIRCLE,
BOMBAY, 1.

15th June, 1938.

Messrs. Shaw & Co.,
9, Tardeo Road,
Bombay, 7.

Dear Sirs,

You would not think of discarding your fountain pen simply because the ink is exhausted. Then why do you throw away your worn typewriter ribbons? We can re-ink them, as you can refill your fountain pen.

If you examine one of your used and apparently worthless ribbons, you will notice that the fabric is scarcely worn out at all. We take such ribbons, treat them with our special process, refill them with ink, and return them to you as practically new ribbons, at only one-third the cost.

The enclosed folder explains our proposal in detail, but a trial will convince you. Better pack your old ribbons now, and send them to us for refilling. The sooner you act the more you will save.

Yours faithfully,

The Standard Ribbon Works.

*2. Letter introducing a New Car.***FORD MOTOR COMPANY OF INDIA, LIMITED**

BOMBAY.

June 15, 1939.

Merwanji J. Antia, Esq.,
80, Hornby Road,
Bombay, 1.

Dear Sir,

Invitation to a New Experience.

No doubt you have already heard about the new 'Mercury 8'—the car which has met with a singularly favourable reception throughout the world and particularly in India, Burma and Ceylon.

The several reasons for the popularity of this latest addition to the Ford-Lincoln range are to be found in the car itself, and, in order to give you an opportunity of inspecting the many features and refinements of this really magnificent product, we have pleasure in extending to you a very cordial invitation to a Guest Ride.

Even if you are not contemplating the purchase of a new car this year, please accept this invitation, which places you under no obligation whatever. We want you to see and inspect this fine new car, even if you are not in the immediate market.

Take a ride in the new 'Mercury 8' as a guest of the Ford Organization and we can confidently promise you a new experience in motoring comfort, enjoyment and performance.

Please fill in the enclosed postcard and have it posted—and a new 'Mercury 8' will be at your disposal at any time suiting your own convenience.

Yours very truly,
Ford Motor Co. of India, Ltd.,
B. C. Stevenson,
Managing Director.

3. *Letter regarding a New Book.*

THE TIMES OF INDIA

BOMBAY.

2nd May, 1942.

Dear Sir,

Counting you amongst those who wish Britain to win over the evil forces that threaten human liberty and all we hold dear, we are sending you this letter with a folder on *Britain's Fighting Forces*.

Millions have already procured this book in England because it enables them to take an intimate, intelligent interest in the mighty efforts of countless thousands of gallant men from every part of the Empire towards winning the war. How they are doing it, under what conditions, by what means and methods, with what kind of equipment and with what chances of success, are described and illustrated in vivid detail, which make you feel that you live with the troops, with the navy and with the air force. The book will help you to understand our successes in the air, on the sea, and we feel sure, presently, on land.

Britain's Fighting Forces is meant for those who are not indifferent to the sacrifices made by our troops, for those who want to give them their formal backing, and those who want to meet defeatist and fifth columnist talk effectively. It is a book full of vital information and a wonderful memento for all who wish Britain to win.

When you have read the enclosed folder, we trust that you, too, will apply for your copy. There is only a limited supply left, and we look forward to receiving your instructions within the next few days.

Yours faithfully,

L. W. Pearson,

Manager,

The Home Library Club.

*4. Letter asking for Renewal of Subscription.***TIME****(The Weekly News Magazine)**

330, EAST 22 STREET,
CHICAGO, ILLINOIS.

May 2, 1942.

Dear Subscriber,

No matter how far away from America you live, you are still a member of a unique American community—the TIME community—probably the most alert group of news-minded men and women in the world.

You hold your place in that community by sharing its one great common denominator—the desire to get accurately, clearly and without bias, all the significant news of the world every week.

And so I think that perhaps you will be interested to know some of the things TIME's research department has learned about the 700,000 fellow-subscribers who read TIME each week in America and in every other country still reached by international mail, from Point Barrow, Alaska, to Kimberly, South Africa.

So far only one of you has insured himself for \$7,000,000.....and only one of you is King of England. Most of you are just alert, intelligent people shouldering more than average responsibility at home and in your jobs. Among you, for example, are a quarter of all officers and directors of practically every well-known American corporation.

Most of you are young in years, not to mention young in mind, your average age being 37.3.

Men and women like you lead extremely active lives. Many of you are in the armed forces. Many more of you

have taken on a heavy share of civilian defence and other war work.

You are the best educated as well as the best informed 700,000 families who ever gathered to read a magazine. Some of you have educated yourselves. The other 74% of you went to college—and 173 of you have become college presidents.

In brief, your lives are so varied and so full that you must be doubly glad of TIME's help to get all the significant news of the week in an evening's reading.

You are also an articulate group. You do a lot of reading—and a lot of it is serious. You all like a good argument, usually about subjects on which TIME keeps you up to date. The men among you argue most readily about the war, politics, economics, religion and love, in the order named. The women among you likewise argue a good war, and also relegate love to fifth place—conversationally, that is. (There are limits to the fact-finding abilities of TIME's research department!)

TIME is written for just such a community as I have described—a community that extends all through the United Nations. If that community were geographical, I am sure you would never think of moving out of it. But the TIME community is intellectual, and—speaking for that community—we do not want to lose you!

Now your subscription has expired. And so to keep your place in our community, I hope you will sign the enclosed renewal memorandum and mail it back to me—together with an international money order or a draft on a U.S. Bank.....today, please.

Cordially yours,
J. S. Pratt,
Circulation Manager.

*5. Letter seeking New Customers for a Dairy.***STANDARD DAIRY, LIMITED**

GHATKOPAR,
BOMBAY.

1st January, 1945.

Dear Sir/Madam,

Do you want pure and fresh milk at a moderate price? The Standard Dairy, which we have recently established, will supply your need.

The dairy is in charge of our manager, Mr. Amin, who holds a diploma in Dairying from the Dairy School of Reading, England, and who has also received practical training in dairying in Switzerland and Denmark. He runs the dairy on modern lines, with the help of up-to-date machinery and hygienic appliances, imported at great cost.

Our dairy farm, measuring over 50 acres, is situated at Ghatkopar, where our buffaloes graze in fresh air and sunshine. They are given a special fodder containing oil-cakes, soya beans and cotton-seeds. That is why STANDARD MILK is so creamy, delicious and rich in vitamins.

Our buffaloes are milked with meticulous care by our employees, who are healthy and clean and clad in uniforms of spotless white. The milk is then bottled in sterilized glass containers which are hygienically sealed to prevent its contamination. Small wonder, therefore, that STANDARD MILK has time and again stood the test of the Government Laboratory, Bombay.

STANDARD MILK is delivered to the very door of our customers from our own vans by our own men. This renders its adulteration in transit impossible.

With all these advantages STANDARD MILK is being sold at annas 12 per seer. Large-scale production,

labour-saving devices and elimination of the middle man, enable us to sell it at so moderate a price.

The demand for STANDARD MILK is continually increasing. Not only discriminating citizens but also the leading hotels and hospitals of Bombay have started using it. Very soon the demand for it will exceed the supply. Lest you should be too late, register with us your name and requirements without delay, by giving us a ring at 32505 or by posting us the enclosed order-form duly filled in.

Yours faithfully,
Standard Dairy Limited.

6. *A Letter persuading a prospect to Instal an Electric Motor.***THE EASTERN ELECTRIC SUPPLY CO., LTD.**19, TAJ MAHAL ROAD,
AGRA.

23rd February, 1946.

Khan Bahadur Rashid Ali Khan,
Khusro Baug,
Agra.

Dear Sir,

May we point out that electric energy at as. 2 per unit is much cheaper than any other form of energy available in this town.

We understand that you are at present not using electric power to run the water pumps and other machines on your Model Farm, and therefore, take the liberty of bringing it to your notice that you stand to gain considerably by replacing the present driving plant by an electric motor. Just to convince you of the truth of the statement, we are prepared to instal at our cost, temporarily, an electric motor on your farm to show what saving could be made in the cost of running your machines.

If, at the end of the trial, the only thing that prevents you from purchasing our electric motor is its cost, we shall be glad to instal one for you on hire basis, at a fixed monthly rent which would include all the necessary repairs, supply of lubricating oil, and fortnightly inspection. In case the motor fails to give satisfactory service—which is unlikely—we will replace it by another one free of cost to you. Thus you will not have to incur any expenditure beyond the monthly rent and the actual cost of energy consumed.

On hearing from you, we shall be pleased to arrange a demonstration of the working of our electric motor on your farm.

Yours faithfully,
The Eastern Electric Supply Co., Ltd.,
John Smith,
Sales Manager.

7. *First 'Follow-up' Letter.*

**THE EASTERN ELECTRIC SUPPLY COMPANY,
LIMITED**

19, TAJ MAHAL ROAD,
AGRA.

10th March, 1946.

Khan Bahadur Rashid Ali Khan,
Khusro Baug,
Agra.

Dear Sir,

A fortnight ago, we had the pleasure of addressing you on the subject of the cheapness of electricity as a driving power, and of enclosing particulars dealing with the matter. In those particulars we set forth the benefits that would accrue to you by replacing your steam engine by an electric motor. As we have not heard from you so far, we are anxious to know if you are giving the matter the attention it deserves. If you want any points to be cleared in this matter, please do not hesitate to write to us or pay us a visit.

It may interest you to know that since we wrote to you last, we have already installed 2 such electric motors in the orchards of Sardar A. B. Inamdar, of this city, where they are giving complete satisfaction.

Yours faithfully,
The Eastern Electric Supply Co., Ltd.,
John Smith,
Sales Manager.

8. *Second 'Follow-up' Letter.***THE EASTERN ELECTRIC SUPPLY CO., LTD.**19, TAJ MAHAL ROAD,
AGRA.Khan Bahadur Rashid Ali Khan,
Khusro Baug,
Agra.

30th March, 1946

Dear Sir,

We approach you once again on the subject of economy in the use of electrical energy in driving your machines. We know we are persistent, but that is because we are sure of serving you to your advantage, and at the same time, of benefiting ourselves.

We have no doubt you have by this time gone through our booklet and the price-list we sent you. Since we have not heard anything from you so far we are inclined to think that there must be some detail about which you are not satisfied. We shall deem it a favour if you will let us know your difficulty. Maybe you do not like to take our motor on hire basis and go on paying rent. In that case, may we suggest another alternative? The motor will become your property in a year's time if you take it on our hire-purchase terms, the details of which are given in the enclosed booklet. Under this arrangement you make an initial payment of Rs. 500/- and pay twelve monthly instalments of Rs. 300/- each. Thus in one year's time you will be the proud possessor of an electric motor which will greatly reduce your cost and enhance your profits. In case you prefer to buy the motor outright, we offer to sell it at a cash price of Rs. 3900/- only.

There is no reason why you should not take advantage of this offer. We shall very much appreciate an early reply from you.

Yours faithfully,
The Eastern Electric Supply Co., Ltd.,
John Smith,
Sales Manager.

*9. Third 'Follow-up' Letter***THE EASTERN ELECTRIC SUPPLY CO., LTD.**

19, TAJ MAHAL ROAD,
AGRA.

20th April, 1946.

Khan Bahadur Rashid Ali Khan,
Khusro Baug,
Agra.

Dear Sir,

It appears that our previous letters have not convinced you of the advantages of working the pumping and other machines on your model farm by electric motor instead of by a steam engine. We, therefore, venture to bring a few more facts to your notice.

The enclosed copies of extracts from letters addressed to us by the manufacturers of the electric motor, whom we represent, show that these motors are in great demand all over India, and that the Governments of four provinces have ordered them for use on their model farms. The tremendous popularity of the motors must surely be due to their sterling merits.

One important result of the increased sale of the motor is that it has enabled the manufacturers to reduce its price. We are, therefore, now in a position to offer it to you at a cash price of Rs. 3,650/-, which is less than the previous price by $6\frac{1}{4}\%$.

Besides, to suit the convenience of most buyers we have prepared another Hire-Purchase Scheme under which the price of the motor is fixed at Rs. 3,970, which is payable in instalments spread over two years. Thus you may either buy the motor for a cash price of Rs. 3,650,

or obtain it under the Hire-Purchase Scheme, in which case you pay Rs. 250/- down and the balance in 24 monthly instalments of Rs. 155/- each. We undertake to instal the motor on your farm at our expense on receipt of the initial payment of Rs. 250/- from you.

'Good wine needs no bush', and the advantages of our offer need no more stressing. In case you decide to take advantage of our Hire-Purchase Scheme, please fill in the enclosed form and send it with your cheque for Rs. 250/-, on receipt of which we shall immediately proceed to instal the motor on your farm.

Yours faithfully,
The Eastern Electric Supply Co., Ltd.,
John Smith,
Sales Manager.

CHAPTER XIII

IMPORT TRADE CORRESPONDENCE

General.—As India is predominantly an agricultural country, its chief exports are agricultural products and other raw materials, and its imports mostly manufactured goods. The total value of imports into India amounts to not less than Rs. 150 crores every year. The import trade of the country is thus a very important branch of its commerce. A brief account of the various types of traders engaged in it, how they conduct their business, and the correspondence relating to it, is given below.

Import Houses.—The import of merchandise is undertaken by:

- (1) Merchants, firms and joint-stock companies who import goods directly.
- (2) Branches or agents in India of foreign manufacturers who import their own manufactures and supply them to Indian traders.
- (3) Firms of intermediaries known as “Indent Firms” or “Indent Houses” who import for and on account of local traders.

Indent Business.—Indent means an ‘order for goods’. In British commercial parlance, the term is restricted to orders for British goods received from foreign countries by British exporters. In India ‘indent’ often signifies an order such as is illustrated by letter No. 10 at the end of this chapter, which contains instructions from a Bombay merchant to an Indent Firm to order goods from abroad on his account and at his risk on specified terms and conditions.

In this country a large number of those who want to import goods have a comparatively small capital and little or no knowledge of foreign markets. They find it an advantage

to get their requirements through Indent Firms who have often a large capital and expert knowledge of the foreign markets and are consequently in a better position to buy for their customers the right type of goods at competitive prices.

Foreign Export Houses.—The various types of business houses abroad which supply goods to Indian buyers are:

- (1) Manufacturers who export their own manufactures to Indian buyers.
- (2) Export merchants or merchant shippers who supply their Indian customers with goods purchased from various manufacturers.
- (3) Commission Agents who act as buyers for Indian importers. They assemble the various items in the 'Indents' they receive and ship them to their customers in India. They earn a commission for their services.

Enquiries and Quotations.—The trader in India importing goods through a foreign commission agent would rarely ask the latter to make a quotation, since he would rely upon the agent to buy the goods in the cheapest market. If, however, the trader wants to buy goods directly from a foreign manufacturer, he will first write a letter of enquiry and obtain a quotation. The letter of enquiry will give full details of the goods required, i.e., their quality, quantity, etc., and state how they should be packed and by what time they should be dispatched. The reply to such an enquiry will repeat the above details and in addition quote the price of the goods and the terms and conditions on which they are offered.

In the case of a first enquiry, it is usual for the importer to send to the exporter bank or trade references, i.e., names of bankers or other traders to whom the exporter may refer for information regarding the financial position of the importer.

Enquiries and quotations are frequently made by cables in codes which may be private, or public (e.g. Bentley's).

Whether the exporter should quote the prices of the goods in his own currency or in that of the importer is decided by reference to the terms of the enquiry, the circumstances of each particular case, and the trade usages of the two countries.

Terms used in quoting prices.—The principal terms used with reference to prices are explained below:—

F.A.S.—(Free Alongside Ship) signifies that the seller pays all the charges upon the goods till they reach the ship's side, when the buyer must attend to their being placed on board and pay the cost of slinging.

• **F.O.B.**—(Free On Board) means that the price includes the cost of the goods, the packing charges, carriage to the docks and dock charges, that is to say, the seller puts the goods on board free of all expense to the buyer, who pays the freight.

C. & F.—(Cost and Freight) means that the price covers the cost of the goods, shipping charges and freight, in fact, all charges to the port of destination, with the exception of the cost of marine insurance.

• **C.I.F.**—(Cost, Insurance, Freight) means that the price covers the cost of the goods, shipping charges, freight and cost of insurance.

Franco,* Rendu or Free, generally means C.I.F. *plus* foreign import duty and the cost of conveyance from the ship's side to the address of the buyer.

Ex-Ship.—Means that the goods are sold free out of the ship and that the buyer must pay all charges for their conveyance thence.

The Order or Indent.—If the importer accepts the quotation he may send by cable or mail his order or indent for the goods. The indent usually contains full particulars of (a) the goods required, i.e., their quality, quantity, size, etc., (b) their price, (c) how they should be packed, (d) the time by which they should be shipped, (e) whether they should be insured or not, and (f) how the price of the goods should be recovered.

If the exporter is a manufacturer or a merchant, the indent he will receive from the importer will ask him to ship to the importer the goods ordered (see letter No. 7). But the exporter may be the importer's buying agent. In that case the indent will ask him to buy for the importer the goods ordered and ship them to him. An indent in which the price of the goods is fixed by the importer is called a 'Closed Indent'. One in which the option of selecting the goods or of fixing their price is given to the buying agent is called an 'Open Indent'.

It may happen that the price mentioned by the importer in the indent is not acceptable to the exporter. In that case the latter can make a counter offer, i.e., state the price at which he is prepared to sell the goods. The offer may pass forwards and backwards several times before it is finally accepted, in which case what is called a 'Confirmatory Indent' is sent by the importer to the exporter. After an indent is finally accepted by the exporter, arrangements will be made by him for the shipment of the goods. Nowadays the making of offers and counter offers, described above, is often done by means of cablegrams.

Shipping the Goods.—On receipt of the indent the exporter proceeds to execute it. He procures the goods and arranges for their packing and shipment according to the instructions of the importer. After the goods have been shipped he forwards to the importer shipping documents, such as the Invoice, Bill of Lading, Insurance Policy, Certificate of Origin, etc., either directly or through a bank.

Securing the Goods from the Ship.—After the importer gets the shipping documents that entitle him to take delivery of the goods shipped to him, he waits for the arrival of the ship carrying them. On learning of its arrival, he makes arrangements for taking delivery of the goods from the customs house in whose custody they lie after they are unloaded from the ship. He has to undergo certain customs and other formalities before the goods are released to him. He has first to obtain endorsement for

delivery on the Bill of Lading from the shipping company or its agents. Then he has to fill in three copies of the Bill of Entry forms, obtainable from the Customs Office. He has also to fill in duplicate another form called Application to Import and present it at the Landing and Shipping Dues Office, where, on payment of the dock charges, he will be returned one copy of the Application to Import. He then proceeds to present the same and the three copies of the Bill of Entry at the Customs Office, which examines them carefully and if it finds them in order, allows the exporter to take away the 'free goods'. If the goods are 'dutable', the importer must pay the import duty before the goods can be released.*

Bonded Warehouses.—In case the importer is not in immediate need of the dutiable goods imported by him or has the intention of re-exporting them, he can, without payment of the import duty, have them stored in warehouses owned by the Government called 'Bonded Warehouses'. When goods lie in such a warehouse they may be inspected, handled, sampled, etc., by the owner. They may be removed from it wholly or in parts on payment of duty on the quantity removed.

Clearing Agents.—The customs formalities referred to above are rather complicated and many importers find it troublesome to go through them. They, therefore, engage the services of a class of mercantile agents known as Clearing Agents, who do the work of clearing the goods from the customs for the importers at a small charge for the service.

* For a detailed description of the customs formalities the reader is referred to Modern Business Methods by Bahi and Dhongde.)

*1. Letter of Enquiry.***PAREKH AND SONS**

49, APOLLO STREET,
BOMBAY, 1.

Messrs. Wingfield & Co., Ltd.,
High Street,
Sydney (N.S.W.).
AUSTRALIA.

31st March, 1936.

Dear Sirs,

Mr. Marcus Lanworth, the Trade Commissioner in India for the Australian Government, has recommended to us your firm as manufacturers of high grade paints and enamels. He has also sent us your catalogue and wholesale price-list with sample tins of some of your products. It is stated in your price-list that special prices will be quoted for large orders. We shall, therefore, be glad to receive your quotations for 500 gallons of Velvina water paints and 750 gallons of Veloxa anti-corrosive enamel.

It affords us great pleasure to be in a position to say that our house is one of the largest importers of paints and enamels in this country, and that, therefore, we are in a position to place large and repeated orders with your company, in case your prices are competitive, and your goods satisfactory.

We would refer you for information respecting our business integrity and financial position to the following firms with whom we have had business relations for over twelve years:

(1) Messrs. Langford and Co., Ltd.,
East Street, Melbourne.

(2) Messrs. Jardine and Sons,
Kent Street, Sydney.

Our bankers are the National Bank of India, Ltd.,
Esplanade Road, Bombay.

Awaiting your reply by Air Mail,

We are,
Yours faithfully,
Parekh & Sons.

2. *Letter Taking up a Reference.*

WINGFIELD AND COMPANY, LIMITED

HIGH STREET,
SYDNEY.

8th April, 1936.

Messrs. Jardine and Sons.,
Kent Street,
SYDNEY.

Dear Sirs,

Messrs. Parekh and Sons, 49, Apollo Street, Bombay (India) wish to enter into business relations with us and have given your name as a reference.

We should, therefore, be obliged if you would give us, in confidence, your opinion regarding their business reputation. Would you consider it safe on our part to extend them credit for £1,000/-?

Yours faithfully,
per pro. Wingfield & Co., Ltd.,
E. Edwards,
Manager.

3. *Reply to the preceding letter.*

JARDINE AND SONS

KENT STREET,
SYDNEY.

9th April, 1936.

Messrs. Wingfield & Co., Ltd.,
High Street,
SYDNEY.

Dear Sirs,

In reply to your enquiry dated yesterday concerning Messrs. Parekh and Sons of Apollo Street, Bombay, we have pleasure in informing you that our business relations with them have extended over the last twelve years and we have always found them straightforward and reliable. We have never hesitated to allow them credit considerably in excess of the amount mentioned by you and they have never given us cause to think that our confidence in them was misplaced.

Yours faithfully,
Jardine & Sons.

4. Reply to an enquiry enclosing a 'Pro forma' Invoice.

THE BRITISH XYLONITE COMPANY, LIMITED

Manufacturers of Plastics

Telephone: Larkwood 2345.

Telegrams: XYLONITE.

HALE END,
LONDON, E. 4.

20th June, 1938.

Messrs. Mahudawala Bros.,
Ishaq Building,
Bapu Khote Street,
BOMBAY, 3.

Dear Sirs,

We thank you for your letter of the 4th inst. and have pleasure in sending you under separate cover a copy of our general illustrated catalogue. We have also included a list of quantity prices for certain articles, including tooth brushes, when ordered in quantities of not less than one gross per pattern. The prices shown are subject to discounts of 33 1/3% and 20% for wholesale quantities, delivery free London, packing charges extra, with 2½% discount for cash with order, or, if preferred, 25% deposit with order, the balance to be collected against delivery in your town.

We shall be pleased to stamp your tooth brushes in gilt with your name without extra charge for reasonable quantities. In the case of a fancy stamp, however, we would charge the cost of the necessary brass die.

We have enclosed our *pro forma* invoice for the articles of which you would like to have samples, and if you will be good enough to send us your remittance, we shall be pleased to forward these goods direct to your address.

Yours faithfully,

John Brown,

Catalogue Department (Export).

5. 'Pro forma' Invoice.

Telegrams: XYLONITE.

Telephone: Larkwood 234
(8 lines)**THE BRITISH XYLONITE COMPANY, LIMITED**

Hale End, London, E.4.

CATALOGUE DEPARTMENT.

Sold to

Messrs. Mahudawala Bros.,
Ishaq Building,
Bapu Khote Street,
BOMBAY.

Date 20-6-1938.

Your Order No. 4/6/38.

Our Order No. 56833/300

No. of articles.	Gross.	Doz.	Description.	Price per Doz.	£ s. d.			£ s. d.		
					£	s.	d.	£	s.	d.
1251 X	1/12	Xylonite Tooth Brush.	12/-	..	1	..	..	..	..
1191 X	1/12	..	10/6	..	..	11	..	..	..
1091 F	1/12	..	9/-	..	..	9	..	..	..
1204 X	1/12	..	7/6	..	..	7	..	..	..
1252 X	1/12	..	6/-	..	..	6	..	..	..
1029 X	1/12	..	3/6	..	..	4	..	..	..
Trade Discount 33½%					..	4	1	..	..	..
					..	1	4	..	..	..
					..	2	9	..	..	..
					..	..	7	..	..	..
					..	2	2	..	..	..
Trade Discount 20%					..	..	1	..	..	..
				
Cash Discount 2½%					..	..	..	..	..	..
					..	..	..	2	1	..

C. O. D. Nett.

6. *Letter enclosing a Postal Order for Samples.*

MAHUDAWALA BROTHERS.

ISHAQ BUILDING,
BAPU KHOTE STREET,
BOMBAY, 3.

4th August, 1933.

The British Xylonite Co., Ltd.,
Hale End,
LONDON, E.4.

Dear Sirs,

We thank you for your letter of the 20th June enclosing a *pro forma* invoice for the samples of Xylonite tooth brushes.

We enclose a British Postal Order for 2s. 6d., being the amount of the *pro forma* invoice. Please arrange to send the samples at your earliest convenience.

After examining the samples we hope to place a fairly large order with you.

Yours faithfully,
Mahudawala Bros.

7. *Letter Ordering Goods.***MAHUDAWALA BROTHERS.**

ISHAQ BUILDING,
BAPU KHOTE STREET,
BOMBAY, 3.

15th September, 1938.

The British Xylonite Co., Ltd.,
Hale End,
LONDON, E.4.

Dear Sirs,

We are in receipt of your parcel containing samples of Xylonite tooth brushes. We have examined the same and have pleasure in placing the following order.

No. 1251 4 Gross @ 12/- per doz.	£ 28 16 0
No. 1252 8 Gross @ 6/- per doz.	£ 28 16 0
No. 1209 4 Gross @ 3/6 per doz.	£ 8 8 0

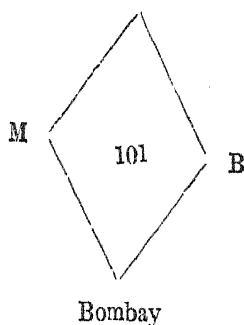
	£ 66 0 0
Less 33½ %	£ 22 0 0

	£ 44 0 0
Less 20%	£ 8 16 0

	£ 35 4 0
--	----------

As per terms mentioned in your letter of the 20th June, 1938, we enclose a sterling draft for £8-16-0 on the Lloyds Bank, Ltd., London. We would request you to get the words 'Specially Made for Mahudawala & Bros' stamped in gold on each tooth brush.

Mark & Number: The package should be marked as under.



Packing: We have noted your remark regarding the extra charge for packing cases. We hope, however, that in view of the large order, you will not insist on charging us extra for the packing cases.

Payment: Please draw on us for the balance a D/P Bill through your bankers, and we shall be pleased to honour it on presentation.

Shipment: We shall thank you to ship the goods by the first available steamer.

Insurance: The goods need not be insured as we have insured them at this end.

Yours faithfully,

Mahudawala Bros.

8. *Letter Acknowledging Receipt of an Order.***THE BRITISH XYLONITE COMPANY, LIMITED**

Manufacturers of Plastics

Telephone: Larkwood 2345.

Telegrams: XYLONITE.

HALE END,

LONDON, E. C. 2.

1st October, 1938.

Messrs. Mahudawala Bros.,
Ishaq Building,
Bapu Khote Street,
BOMBAY, 3.

Dear Sirs,

We have received your order dated the 15th September, 1938, for 16 gross assorted Xylonite tooth brushes, together with your draft for £8-16-0, for which we thank you.

We have noted your instructions as to marking, payment, and shipment, and have decided as a special case not to charge you extra for packing.

The goods will be shipped per s.s. **Rawalpindi**, scheduled to leave London on the 15th October. We shall advise shipment in due course.

Yours faithfully,
The British Xylonite Co., Ltd.,
W. Thompson,
Export Manager.

*9. Letter intimating the Execution of the Order.***THE BRITISH XYLONITE COMPANY, LIMITED**

Telephone: Larkwood 2345.

Telegrams: XYLONITE.

HALE END,

LONDON, E. 4.

6th October, 1945.

Messrs. Mahudawala Bros.,
Ishaq Building,
Bapu Khote Street,
BOMBAY, 3.

Dear Sirs,

In continuation of our letter dated the 1st October, we have pleasure in informing you that we have shipped one case containing assorted Xylonite tooth brushes per s.s. **Rawalpindi**, which left London on the 5th instant. We trust that the goods will reach you in good condition.

According to your instructions, we have this day negotiated a sight bill for £26-8-0 through the Mercantile Bank of India, Ltd. We trust you will honour it on presentation, and take delivery of the shipping documents, viz., Bill of Lading, Invoice and Certificate of Origin.

Awaiting your further commands,

We are,
Yours faithfully,
The British Xylonite Co., Ltd.,
W. Thompson,
Export Manager.

10. *An Indent.*

INDENT No. 895.

From:

Messrs. Devjee Canjee & Co.,
165, Chakla Street,
Bombay.

To:

The New India Trading Co.,
Lohar Street,
Bombay, 2.

Dated 14th October, 1936.

Dear Sirs,

Please supply or order, subject to the conditions printed on the reverse hereof, entirely on my/our account, the undermentioned goods upon the terms stated below:—

Description: Nikko Veneer Fancy Boards.

Quantity: One case containing 18 pieces of Fancy Boards, size 3' x 6' x 6 mm. as per S/No. 52118 and 18 pieces of Fancy Boards, size 3' x 6' x 6 mm. as per S/No. 52119.

Quality: As per samples mentioned above, but a deviation in colour, finish and quality to the extent of 5 p.c. allowed.

Price: Annas 7 per sq. ft. c.i.f.c.i. Bombay Harbour.

Shipment: In one lot, not later than the 1st January, 1937.

Yours faithfully,
Devjee Canjee & Co.

TERMS OF BUSINESS AND GENERAL CONDITIONS.

1. **Prices :—**All prices and quotations are subject to alteration without notice.

2. **Date of Delivery :—**We undertake in every case to do all in our power to ensure delivery of goods about the time mentioned by us, but we distinctly decline any responsibility in respect of any loss or damage, direct or indirect, occasioned by any means through delayed delivery, and in no case shall delay be a ground for rejecting goods.

3. Terms of Payment :—Unless otherwise specially arranged, our terms of payment are a deposit of approximately one-third of gross the value of order to be paid at the time of placing the order, and the balance in full to be paid on presentation of our Invoices, or before handing over relative Documents or Delivery Orders, as the case may be. The method of payment arranged for an order shall apply pro-rata to any goods arriving in part of such order. In all cases the deposited amount is repayable only at the completion of order.

4. Risk in Transit :—Every care is taken in respect of the goods ordered through us, but we do not hold ourselves responsible, or in any way liable for damage, breakages, or pilferage, etc., which may occur in transit from any cause whatsoever.

5. Confirmation of Orders :—All indents booked by us are subject to subsequent confirmation in writing by us. Indents once placed with us cannot, in any event, be cancelled by you without our express consent in writing.

6. Orders through Agents, etc. :—All orders placed with travellers, commission agents and others, whether in our employ or not, are subject to acceptance by our Head Office at Bombay.

7. Contracts :—All contracts for the supply of goods shall be as between principal and principal, notwithstanding anything in the contract.

8. General Lien :—We shall be entitled to a general lien on the goods in our possession under each contract for all moneys for the time being due to us by the buyer both under the same contract and/or on any other account and shall also be entitled to apply any moneys in our hands under any contract to moneys due to us under any other contract or contracts.

9. Disputes :—In case of any dispute in respect of this order, the matter shall be referred, at our option, to the Indian Merchants' Chamber, whose decision shall be final.

*11. Letter intimating the Forwarding of the Indent.***NEW INDIA TRADING CO.**

LOHAR STREET,
BOMBAY, 2.

15th October, 1936.

Messrs. Devjee Canjee & Co.,
165, Chakla Street,
BOMBAY.

Dear Sirs,

We have booked your indent No. 895 of the 14th October, 1936 and have forwarded it to our friends in Kobe. We shall inform you on hearing from them of its acceptance.

Yours faithfully,
New India Trading Company,
A. B. Aga.

12. *Placed Report.*

Telegraphic Address :

"LIMJEE" KOBE

Placed Report

P. O. Box No. 263

Sannomiya.

VASUNIA & Co.

Exporters & Importers.

KOBE, JAPAN.

No. 47980

KOBE, 8-12-1936

Branches :

Shanghai-Hongkong,
Canton.

• Messrs. New India Trading Co., order of
M/S Devjee Canjee & Co., Bombay.

Dear Sirs.

We are glad to report that we have placed the following goods on your account and risk as per your indent No. 895 dated 14-10-1936. Thanking you in anticipation of your further esteemed favours,

We are, Dear Sirs,
Yours faithfully,
Vasunia & Co.

This business is booked in accordance with our terms and conditions accepted and confirmed by our Agents, through whom the orders are received.

Any dispute or complaint should be made within 30 days after landing of the goods. Complaints made later than 30 days after landing will not be recognized.

Indent No.	Quantity.		Description of Goods.	Price c.i.f.c.i.			Per
	Cases	Contents in each case.		Rs.	As.	Ps.	
895			Nikko Veneer Fancy Boards				
	1	18 pcs.	3" x 6" x 6mm. S. No. 52118				
	"	"	" " 52119 @ Rs.	0	7	0	sq. ft.
			Shipment : January Cabled on 4-12-36 N.B. You have stipulated one case for 36 pcs. but they will be supplied in two cases as they cannot be packed properly in one case.				

13. *Letter intimating Acceptance of Order.*

NEW INDIA TRADING CO.

LOHAR STREET,
BOMBAY, 2.

7th December, 1936.

Messrs. Devjee Canjee & Co.,
165, Chakla Street,
BOMBAY.

Dear Sirs,

Re Your Indent No. 895 for Nikko Veneer
Fancy Boards.

We have the pleasure to inform you that your Indent No. 895 for Nikko Veneer Fancy Boards has been accepted by our friends in Kobe. They inform us that the goods will be shipped in due course.

We thank you for your order and await further commands.

Yours faithfully,
New India Trading Company,
A. B. Aga.

14. *Letter intimating the Execution of the Order.*

VASUNIA AND COMPANY.

P. O. Box No. 268,
SANNOMIYA,
KOBE.

24th December, 1936.

Messrs. Devjee Canjee & Co.,
165, Chakla Street,
BOMBAY.

Dear Sirs,

We have now the pleasure to enclose Invoice of Goods, valued Rs. 283/8/-, shipped on your account by s.s. *Celebes Maru* as per your Indent No. 895, through New India Trading Co., Bombay. We trust the goods will meet with your approval.

Against this shipment we have drawn on you at 60 d/sight through the Nederlandsch Indische Handelsbank and commend our draft to your protection.

Yours faithfully,

Vasunia & Co.

15. *The Invoice.*

Telegraphic Address:
"LIMJEE" KOBE.

P. O. BOX No. 268 SANNOMIYA

VASUNIA & Co.,
Exporters & Importers.
KOBE, JAPAN.

Kobe, Dec. 24, 1936.
JAPAN.

No. 11574

Branches:
Shanghai-Hongkong
Canton.

Invoice of Two (2) Packages merchandise shipped
by the undersigned per S. S. CELEBES MARU from Kobe to
Bombay on account and risk of Messrs. Devjee Canjee & Co.,
Bombay Indent No. 895. Cable _____ Indented by Messrs.

NEW INDIA TRADING CO.

Case Marked	Nos.	Description	Amount	
			Rs.	As.
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> NITCO 895 </div>	No. 11	Nikko Veener Fancy Boards Case 18 Pcs 3' x 6' x 6 mm. S/ No. 52118		
	No. 21	„ 18 „ 3' x 6' x 6 „ „ 52119 2 Cases Total 36 Pcs. i. e. 648 square feet Re. 0-7-0 per square foot c.i.f.c.i. Rupees Two hundred Eighty Three & Annas Eight only. Free Bombay harbour Vasunia & Co.,	Rs. 283	8

E. & O. E.

No claim in respect of goods invoiced here will be recognised after 7 days
of the goods being landed at the port of destination.

We are not responsible for breakage and leakage.

All metal goods insured against "Rust."

16 Bill of Exchange

No. **11574****D/P**Exchange for Rs 283-8-8

Kobe, December 25, 1936.

Sixty (60) days after sight of this **SECOND** Bill of Exchange (First of the same tenor and date being unpaid) pay to the order of

The Nederlandsch Indische Handelsbank, N. V. the sum of

Rupees two hundred and eighty three and annas eight only

Value received which place to the account as advised against 2 packages merchandise shipped per S. S. CELEBES MARU as per S/Ds attached.

To Messrs. Devjee Canjee & Co.

165, Chakla Street, Bombay.

In case of need apply to

Messrs. New India Trading Co.,

Lohar Street, Bombay.

VASUNIA & Co.,

VASUNIA & Co.
KOBE, JAPAN.

17. *Bill of Lading.***OSAKA SHOSEN KAISHA***From KOBE To BOMBAY*

SHIPPED, in apparent good order and condition, except as noted hereon, by VASUNIA & CO., on board the Osaka Shosen Kaisha's vessel "CELEBES MARU", or chartered vessel ".....," under Japanese flag, commanded by K. Matsuoka for the present voyage or whomsoever else may be placed in command, at Kobe, with liberty to delay sailing, to deviate for the purpose of saving or attempting to save life or property, to call at any ports or places, once or oftener, in or out of, or beyond, the customary or advertised route, in any order, forward or backward, for discharging and/or receiving goods, fuel, passengers, and/or mails and/or other necessary supplies (either for the present or return voyage) and/or for any other purpose whatsoever, for dry-docking with or without the cargo on board, to sail with or without pilots, to tow or be towed, and/or to assist vessels in all situations: Total Two (2) Cases only

being marked and numbered as below, and to be delivered over the ship's side when and where the ship's responsibility shall cease, in like good order and condition, at the port of Bombay, or so near thereto as the ship may safely get, unto Order or to his, its, or their assigns, (Party to be notified) subject to the exceptions and conditions mentioned on the face and on the back hereof.

Freight for the said goods and primage, if any, to be paid by the shipper in advance, on delivery of the bill of lading, in cash without discount, or at destination by the consignee, as may be agreed upon and declared as below. Freight and primage, if any, paid in advance, or payable at destination, to be considered as earned whether the Ship or Goods be lost or not lost at any stage of the entire transit.

Marks & Numbers	Weight	Measurement	Value	Rate	Freight
<div style="border: 1px solid black; padding: 2px; display: inline-block;"> NITCO 895 </div>	Veneer Board				
Bombay					
1/2 2 Cases		25 c.f.			
				Prepaid	
				Collect	

IN WITNESS whereof the Agent or Master of the said ship has signed Two (2) Bills of Lading all of this tenor and date one of which being accomplished, the others to stand void.

Dated at Kobe the 25th day of December, 1936.

For Master.....

The following are some of the conditions and exceptions referred to on the face of this Bill of Lading :—

1. Contents, quality and value unknown and the ship and/or carrier are not responsible for weight, measurement, gauge, specifications, brands, countermarks, numbers, or declaration or description of contents of packages.

2. Neither the ship nor the carrier shall be responsible for loss of or damage to or in connection with goods arising or resulting from an act of God, perils, dangers, of accidents of the sea or other navigable waters, war, acts of war or of enemies, contact with mines or other engines of war, arrest or restraint of princes, rulers, or peoples, seizure under legal process, civil commotion, any act or default of the Suez or Panama Canal authorities, strikes, lockouts, stoppage or restraint of labour from whatever cause, whether partial or general, sabotage or other labour disturbances, combinations of workmen or others, whether ashore or afloat, desertion of mariners, workmen or labourers, barratry, misfeasance, embezzlement, risk of lighter or craft or of transshipment, collision, stranding, touching, wreck, quarantine, epidemics, mobs, riots, pirates, robbers, thieves or pilferers by land or water, rising or mutiny among passengers and/or crew, jettison, fumigation, or the consequences of any act or omission of the shipper and/or owner of the goods, his agent or representative, rain, water of any kind, spray, snow, frost, ice, climatic effects, chemical action, fermentation, change of character, mould, mildew, dampness, evaporation, liquefaction, rust, decay, rotting, outward soiling of package, stain, country damage, injury caused by other cargo in contact and/or smell from other goods, dust, coal dust, fuel oil, vermin, rats, wastage in bulk or weight, or any other loss or damage arising from inherent defect, quality or vice of the goods, insufficiency of packing, inaccuracy, obliteration, insufficiency, inadequacy or absence of marks, numbers, addresses and description of goods, number of pieces in bundles or broken bundles, reasonable wear and tear of packing, leakage, drainage, ullage, sweat, breakage, bending, cracking, checking, splitting, hook-holes, chafage, shrinkage, heat, heating, fire or water on board, in hulk, in craft or on wharf and/or on shore, collapse or destruction of or damage to wharf, pier and/or their coverings, explosion, loss or damage from machinery boilers or steam, however caused, latent or other defects prior to or at the time of shipment or the beginning of or during the voyage or otherwise in hull, tackle, boilers or machinery or their appurtenances not discoverable by due diligence, error in judgment, negligence or default of pilot, master, officers, engineers, crew, stevedores or other persons in the service of the ship and/or carrier whether in the navigation or in the management of the ship or otherwise.

3. The vessel shall have the liberty to comply with any orders or directions as to employment, departure, arrival, routes, ports of call, stoppage, requisition or otherwise howsoever given by any Government or any Department thereof, or any person acting or purporting to act with the authority of a Government or of any Department thereof, or by any Committee or person having the right to give such orders or directions, and if by reason of and in compliance with any such, orders or directions, anything is done or is not done, the same shall not be deemed a deviation, nor shall the vessel and/or carrier be responsible for any loss, damage, expenses and/or delay in delivery resulting either directly or indirectly therefrom.

4. Goods in the custom-house, warehouse or godown, or in lighter or craft, or on wharf or pier before loading on, or after discharge from the vessel are at the risk of the shipper, consignee and/or owner thereof, and neither the vessel nor the carrier shall be responsible for loss of or damage to such goods in any circumstances.

[Remaining clauses of the Bill of Lading have been withheld].

To Pay Average Irrespective of Percentage.

It is hereby agreed that this Policy covers the risk of Theft and/or Pilferage irrespective of percentage. No liability for loss to attach here to unless notice of survey has been given to Underwriters' Agents within ten days of the expiry of risk under the policy.

It is hereby agreed that this Policy covers the risk of Non-Delivery of an entire package for which the liability of the Ship-owner or other Carrier is limited, reduced or negated by the contract of carriage by reason of the value of the goods.

Underwriters to be entitled to any amount recovered from the Carriers or others in respect of such losses (less cost of recovery if any) up to the amount paid by them in respect of the loss.

Including risk of damage caused by Freshwater.

On goods liable to trust

Including risk of damage by Rust from any external cause arising during transportation between the points of shipment and destination named herein.

Warranted free of any claim arising from Breakage and Leakage.

The risks covered by this Policy attach from the time the goods leave the shipper's warehouse (or become at shipper's risk if despatched direct from manufacturer's warehouse to Hatoba) at port of shipment unless otherwise stated, and continue during the ordinary course of transit, including customary transshipment if any, until the goods are safely deposited in the consignee's or other warehouse at the destination named in the Policy or until the expiry of thirty (30) days from midnight of the day on which the discharge of the goods hereby insured from the overseas vessel is completed whichever may first occur.

When the destination to which the goods are insured is without the limits of the port of discharge of the overseas vessel the risks covered by this Policy continue until the goods are safely deposited in the consignee's or other warehouse at the destination named in the Policy or until the expiry of thirty (30) days from midnight of the day on which the discharge of the goods hereby insured from the overseas vessel is completed, whichever may first occur.

Transshipment if any, otherwise than as above, and/or delay arising from circumstances beyond the control of the assured, held covered at a premium to be arranged.

Held covered at a premium to be arranged in case of deviation or change of voyage, or other variation of the risk, by reason of the exercise of any liberty granted to the shipowner or charterer under the contract of affreightment, or of any omission or error in the description of the interest vessel or voyage.

Including risk by LIGHTERS between ports in Osaka Bay, if declared.

With all liberties as per Bill of Lading and the right of the assured to recover under this Policy not to be prejudiced by the "Negligence Clause" if inserted in Bill of Lading.

Warranted free of any claim arising from delay, deterioration consequent upon delay, or loss of market, whether arising from a peril covered by the policy or otherwise.

19. *Letter intimating Arrival of the Shipment.*

'NEW INDIA TRADING CO.

LOHAR STREET,
BOMBAY, 2.

2nd January, 1937.

Messrs. Devjee Canjee & Co.,
165, Chakla Street,
BOMBAY.

Dear Sirs,

Re Your Indent No. 895 dated 14th Oct., 1936.

We understand from the local agents of the Osaka Shosen Kaisha that their steamship **Celebes Maru** by which the goods of the above Indent are shipped is due in Bombay harbour on the 5th inst. Please, therefore, await the arrival of the steamer which will be notified in the newspapers, and arrange to take delivery of the goods.

Yours faithfully,
New India Trading Company,
A. B. Aga.

20. *Letter from the Bank regarding Payment of Draft.*

NEDERLANDSCH INDISCHE HANDELSBANK N.V.
(Established at Amsterdam)

P. O. Box 876,
BOMBAY.

27th January, 1937.

Messrs. Devjee Canjee & Co.,
165, Chakla Street,
BOMBAY.

Dear Sirs,

Re Our B/C No. 18/41 for Rs. 283/8 due on
22-3-37 relating to 2 packages Merchandise
per s.s. "Celebes Maru" already arrived.

With reference to the above draft please let us know
per return, whether you want us to clear and store the re-
lative goods.

Please remit Rs. 90/- as margin, if the goods are to be
cleared and stored in a Duty-Paid Warehouse.

If no reply or payment is received within three days
we shall have the goods cleared and stored in Bond.

Yours faithfully,
Joseph Martin,
Manager.

CHAPTER XIV

EXPORT TRADE CORRESPONDENCE

Introduction.—As stated in the previous chapter a large bulk of our exports consists of raw materials and foodstuffs. The importance of India's export trade can be seen from the fact that in the year 1940 the total value of our exports was about Rs. 186 crores.

Like import trade, export trade may be direct, i.e., between the exporter and the importer trading as principals, or indirect, i.e., through intermediaries or agents corresponding to those engaged in the import trade, discussed in the previous chapter, for the import trade of one country is the export trade of other countries.

Exports against Orders or on Consignment.—Exports of manufactured goods are made chiefly against orders received from abroad. Exports of raw materials and foodstuffs are, however, made both against orders and on a consignment basis. When the goods are sent on consignment, the consignee in the foreign country acts as an agent of the Indian consignor and sells the goods on behalf of his principal at the best prices available and remits the proceeds, less his expenses and commission, to the consignor. The goods do not become the property of the consignee, and his only interest in them is to arrange for their sale and earn a commission for his services.

As the exporting of goods involves an elaborate procedure we propose to trace it briefly below:

Receiving an Order.—The first stage is the receipt by the exporter from the foreign importer or his agent an order which contains particulars of the goods to be sent, their packing, the marks and numbers to be put on the cases, the time for shipment, instructions regarding insurance and the method by which the exporter is to recover the amount of the invoice.

Packing and Marking.—The next stage is the collection of the goods ordered and their packing and marking according to the instructions contained in the order. Special attention has to be paid to packing for export as the goods are liable to damage by sea water and other 'perils of the sea' during transit and also because shipping companies charge freight not merely on the basis of weight but also on the basis of volume. This being so, the maximum quantity of goods should be packed in the minimum of space, consistent with safety. After the goods are packed in cases or bales, the latter have to be marked and numbered. One of the objects of marking and numbering them is to enable the importer or his agent to find out easily the cases meant for him from other cargo unloaded by the steamer. The usual method of marking is to put a geometrical figure such as a triangle or a square on the case, add the initials of the importer, and the name of the port of destination as shown in letter No. 7 at the end of the previous chapter.

Obtaining of Freight and Shipping Order.—The exporter next proceeds to obtain quotations of freight and to select the steamer by which it will be in his interest to ship the goods. After this is done he obtains from the shipping company a document called the Shipping Order, which is an order by the shipping company or their agents to the captain of the ship to receive on board the steamer the goods mentioned in the order.

Customs formalities.—After the exporter has got the packages marked and numbered, he is required to go through certain customs formalities so that the Government may be in full possession of facts regarding the goods to be exported. He has to fill in the Application to Export Form in duplicate and the Shipping Bill Form in triplicate. These forms, after they are duly filled in, are presented at the Landing and Shipping Dues Office, where the shipping dues, if any, are paid. One copy of the Application to Export is retained by the Landing and Shipping Dues Office and the remaining documents are returned to the shipper,

who afterwards presents them at the customs office. If any export duty is payable on the goods, it is collected at the customs office, which keeps one copy of the Shipping Bill and returns the other papers to the exporter.

Loading the goods.—The exporter then arranges to send the goods to the docks from where they are to be loaded into the ship. When the goods are entering the dock-gates the exporter hands over one copy (the original) of the Shipping Bill to the customs peon at the dock-gate. This copy is afterwards used by the customs authorities for inspecting the shipment.

• **Obtaining Mate's Receipt.**—When the goods are being placed on the steamer the exporter or his agent who looks after the shipment hands over to the captain of the ship, or his assistant, called the Mate, the Shipping Order and the Shipping Bill. The Mate, after examining the packages, issues a receipt called the Mate's Receipt. Should the Mate be not satisfied with the packing of the goods he makes a remark to that effect on the receipt, which in that case is called a *foul* or *dirty* Mate's Receipt. As the Bill of Lading is afterwards prepared on the basis of the Mate's Receipt, it is in the interest of the exporter to obtain a *Clean* Mate's Receipt.

Bill of Lading.—The exporter then delivers the Mate's Receipt to the shipping company, which issues to him, in exchange, a Bill of Lading. A Bill of Lading is an official receipt for the goods shipped and contains an undertaking to carry the goods to their destination. The Bill of Lading is also a document of title to the goods shipped and is transferable by endorsement and delivery. The Bill of Lading is generally made out in triplicate.

Insurance.—As the customs and other formalities are being gone through the exporter may instruct his Insurance Company to insure the shipment against the usual perils of the sea and issue an insurance policy (see Chapter XVIII).

• **Certificate of Origin.**—Owing to special trade agreements between certain countries, goods exported from one

friendly country to another are given preferential treatment in the matter of import duties. If it is desired to take advantage of such preferential treatment it is necessary for the exporter to obtain a document called Certificate of Origin in respect of the goods shipped and send it to the importer along with other documents to enable him to claim reduction in import duties.

Invoice.—After having shipped the goods the exporter proceeds to prepare the invoice pertaining to the goods. The invoice is a document containing detailed particulars of the goods shipped, their price and other charges to be recovered from the importer. What charges are recoverable from the importer will depend upon the terms of the sale. For example, if the goods have been sold on C.I.F. basis, the charges for insurance, freight, etc. are not recoverable from the importer as they are included in the price, and, therefore, not shown in the invoice. If the sale is on F.O.B. basis, however, these charges are mentioned separately in the invoice as they are to be recovered from the importer. The invoice also contains particulars regarding the number and size of the cases, their gross and net weight, the numbers and marks on the packages, the name of the port of shipment as well as the port of destination.

Securing Payment.—After the goods are shipped, the exporter takes steps to recover the amount of the invoice from the importer in accordance with terms mutually agreed upon. The following are the usual methods by which the exporter may recover the amount from the importer. In order to enable students to understand clearly the procedure adopted for the recovery of the amount of the invoice, we shall assume that A is the exporter in Bombay and B the importer in London.

(1) A can draw a Bill of Exchange on B payable to A's order, attach the Bill of Lading, Marine Insurance Policy, Invoice, Certificate of Origin, etc., to it and send the Documentary Bill, as the Bill of Exchange accompanied by these documents is now called, for collection to his

bank. Suppose A's bankers are the Mercantile Bank of India, Ltd., Bombay. This bank will forward the documentary bill to their office in London, which will present it to B. If the bill is a D/A (Documents against Acceptance bill, the bank will hand over the shipping documents to B on his accepting the bill and retain the bill till its maturity. If, however, the bill is a D/P (Documents against Payment) bill or a sight draft, the documents will be handed over to B on his paying the bill. The amount of the bill, when realized, will be credited to the account of the Mercantile Bank of India, Ltd., Bombay, who will credit the same to the account of A. Under this method A has to wait for a considerable time before he can realize the amount of the invoice.

(2) If, however, A wishes to receive the amount of the invoice earlier, he can discount his bill with the Mercantile Bank of India, Ltd., Bombay. In that case he will be required to sign a Letter of Hypothecation which will authorize the banker to sell the goods in case of dishonour of the bill by B and thus compensate himself for the amount advanced to A by discounting his bill. When the bank realizes the amount from B, it will be placed to the credit of the Bombay Branch of the Mercantile Bank of India, Ltd.

(3) The following is another method by which A can secure payment of the amount of the invoice. Before executing the order A may ask B to open a Letter of Credit in his favour. In case B agrees to this arrangement, he approaches his bankers in London and requests them to instruct their branch or agent in Bombay to issue a *Letter of Credit* in favour of A. This letter will authorize A to draw a Bill of Exchange on the banker, who will undertake to honour it in case it is accompanied by the relevant shipping documents. Under this arrangement A ships the goods to B, obtains the necessary shipping documents, and draws a Bill of Exchange on the bank issuing the Letter of Credit, and hands them all over to their Bombay branch or agent, who pays the full amount of the bill immediately.

*1. Letter making an Offer.***EASTERN EXPORT COMPANY (BOMBAY), LIMITED**

60, FORBES STREET,
BOMBAY, 1.

27th December, 1944.

The Commodity Agencies, Ltd.,
P.O. Box No. 1711,
Johannesburg,
TRANSVAAL.

Dear Sirs,

Re Mirzapur Woollen Flooring Carpets.

We have sent today, under separate registered cover, samples of Mirzapur Woollen Flooring Carpets, which we have had specially prepared from hand-spun woollen yarn for trade in your market. The prices of the various qualities are as follows:—

1. "Chand" $3\frac{1}{2} \times 22$ @ Sh. 21/- per sq. yard.
2. "Harish" $3\frac{1}{4} \times 18$ @ Sh. 18/- per sq. yard.
3. "Ramesh" $3\frac{1}{4} \times 14$ @ Sh. 15/- per sq. yard.

The prices are C.I.F. Durban and include your commission of 5%.

The carpets could be made in any design, Chinese, oriental, or modern, and in any colour or combination of colours.

With the type samples in your hand, we are sure you will be able to book large orders for us.

Yours faithfully,
For Eastern Export Co. (Bombay), Ltd.,
A. P. Gupta,
Managing Director.

2. *Letter enclosing an Indent.*

° **COMMODITY AGENCIES, LIMITED**

P. O. Box 1711,
JOHANNESBURG,
TRANSVAAL.

20th March, 1945.

The Eastern Export Co. (Bombay), Ltd.,
60, Forbes Street,
BOMBAY.

Dear Sirs,

We have received the samples of Mirzapur Woollen Carpets sent by you per registered sample post and have discussed your offer with some of our clients. Your prices appear to be in line and we have persuaded our friends, Messrs. Furniture Enterprises, Ltd., to give us a trial order, and are enclosing our indent No. 3181 covering this transaction. On receipt of this letter, please let us know whether you can accept the order, and if so, the approximate time when you can ship the goods so that we may advise the buyers accordingly.

We await an early reply.

Yours faithfully,
Commodity Agencies, Ltd.,
J. P. Judah.

3. *Indent.*

INDENT No. 3181.

COMMODITY AGENCIES, LTD.,
JOHANNESBURG,
TRANSVAAL.

20th March, 1945.

Sold on behalf of Messrs. Eastern Export Co. (Bombay),
Ltd.,
60, Forbes Street, Bombay, India.

To: Messrs. Furniture Enterprise, Ltd.,
156, Anderson Street, Johannesburg.

Quantity and Quality	Approximately 1122 square yards (one thousand one hundred and twenty two square yards) "Harish Type" carpets in the following sizes: 4' x 2' 60%; 5' x 3' 20%; 6' x 3' 20%. In assorted colours: 30% Russet, 30% Green, 20% Petunia (Wipe), 10% Rose, 10% Blue. No plains nor any light shades. Only floral designs and corner sprays.
Shipment	Per first opportunity.
Price	18/- (Eighteen shillings) per square yard, British Currency C. I. F. Durban, plus War Risk.
Destination	Durban.
Insurance	To be covered by sellers. War risk for buyer's account.
Terms of Payment	In Johannesburg, nett cash against documents at sight, plus Bank's collecting charges.
Other Conditions	Sellers not responsible for late arrival of documents. Freight fluctuations after sale, if any, for buyer's account.

4. *Letter placing an Order with a local Supplier.***EASTERN EXPORT COMPANY (BOMBAY). LIMITED**

60, FORBES STREET,
FORT, BOMBAY.

24th April, 1945.

Messrs. Hiranand Valiram & Co.,
Carnac Bridge,
BOMBAY. 3.

Dear Sirs,

With reference to the personal talk we had with you, we place the following order for Mirzapur Carpets made from hand-spun woollen yarn to be delivered to us before the end of June, 1945.

Quantity: About 1122 Sq. Yards.

Quality: 3½/18.

Size.	Russet.	Green.	Petunia.	Rose.	Blue.	Total pcs.
4'x2'	227	227	151	76	76	757
5'x3'	40	40	27	13	14	133
6'x3'	34	34	22	12	11	113

No plains nor any light shades. Only floral designs and corner sprays.

Price: Rs. 10-2-0 per sq. yard ex-godown, Bombay.

Packing: The goods, after our inspection and approval in Bombay, to be packed for shipment abroad at your cost.

Please confirm this as soon as possible.

Yours faithfully,
For Eastern Export Co. (Bombay), Ltd.,
A. P. Gupta,
Managing Director.

*5. Letter Advising Shipment.***EASTERN EXPORT COMPANY (BOMBAY), LIMITED**BY AIR MAIL.60, FORBES STREET,
BOMBAY, 1.

3rd November, 1945.

Messrs. Commodity Agencies, Ltd.,
P.O. Box 1711,
Johannesburg.

Dear Sirs,

Re Indent No. 3181 for Woollen Carpets.

We beg to advise you that we have shipped 4 bales containing carpets measuring 771 sq. yards 2 sq. feet, per s.s. "Kutsang" on the 29th October, 1945. A copy of our Invoice and a detailed statement of the goods shipped are enclosed for your information. The documents are being forwarded to the buyers, as usual through our bankers, The Chartered Bank of India, Australia and China, Bombay, with your name as referee in case of need.

We wish to inform you further in this connection that two bales containing the balance of your order have been left on hand as the steamer could not carry any more. We shall ship the remaining two bales by the next available steamer.

We hope your friends will receive the carpets in good condition, and approve of them.

Yours faithfully,
For Eastern Export Co. (Bombay), Ltd.,
A. P. Gupta,
Managing Director.

Enclos: 1 Invoice.
2. Statement.

6. Invoice (See No. 5).

INVOICE No. 2415
SHIPMENT No. 2424

Telegraphic Address :
"GUPTASETH"
BOMBAY.

60, FORBES STREET,
BOMBAY, 1.

31ST OCTOBER, 1945

Messrs. Furniture Enterprises (Pty) Ltd.,
156, Anderson Street,
JOHANNESBURG.

Bought of

Eastern Export Co. (Bombay), Ltd.,
Bombay.

Marks :
HARISH
JOHANNESBURG
Via DURBAN
1/6

Shipped per S. S. "Kutsang" on 29-10-45.
from Bombay to Durban.
Indent No. 3181.

INDIAN WOOLLEN FLOORING CARPETS			
4 Bales.	Total measurement.....	771 sq. yds. 2 sq. ft.	
	@ Sh. 18/- per sq. yd. C.I.F., Durban.....£		694 2 0
	Plus War Risk Insurance including unlimited transshipment on £ 780/- on your account.....£		16 0
		£	695 8 0
			E. & O. E.
Packed in Rope-bound bales with gunny cover.			
Insurance covered with South British Insurance Co., Ltd., for £ 780—0—0 (Seven hundred and eighty Pounds Stg.) against Marine, W. A. and War. Policy attached.			
Draft No. 1719 for £ 695/8/- (Six hundred ninety- five Pounds and eight Shillings Stg.) drawn on you payable on demand against delivery of documents.			
Sold through Messrs. Commodity Agencies, Ltd., Johannesburg.			

For Eastern Export Co. (Bombay), Ltd.,
A. P. Gupta,
Managing Director.

7 *Statement (See Nos. 5 and 6).*

Statement containing particulars of 4 Bales of Indian Woollen Flooring Carpets shipped per s. s KUTSANG to Johannesburg *via* Durban.

Marks.

"HARISH"

JOHANNESBURG

Via DURBAN.

	Size.	Russet	Blue	Green	Petunia.	Rose	Pes.	s. yds.	s. ft.
<i>Bale No. 1</i>	4' x 2'	62	42	65	43	17	230	204	4
<i>Bale No. 2</i>	4' x 2'	9	28	30	37	41			
	6' x 3'	14	4	13	..	4			
	5' x 3'	2	2	3	..	..	192	218	8
<i>Bale No. 3</i>	4' x 2'	86	5	86	9	..	186	165	3
<i>Bale No. 4</i>	4' x 2'	1	..	21	15	12			
	5' x 3'	37	12	23	3	..			
	6' x 3'	2	..	3	..	2	131	182	5
							739	771	2

For Eastern Export Co. (Bombay), Ltd.,

A. P. GUPTA,

Managing Director.

CHAPTER XV

CORRESPONDENCE RELATING TO AGENCIES AND COMMERCIAL TRAVELLERS

Introduction.—A manufacturer may sell his goods direct to the consumer, direct to the retailers, or to retailers through wholesalers. He sells them direct to the consumers generally by means of the Mail-Order method. His approach to wholesalers and retailers is through agents, branches or travelling salesmen.

Commercial Travellers.—Travelling salesmen, also called commercial travellers, are salaried employees of the manufacturer. They go from place to place in the area allotted to them and book orders for his goods. They often get, by way of encouragement to greater effort, a commission on the basis of their sales in addition to their salary.

Branches.—In an area where the demand for his goods is large, the manufacturer may establish a branch managed by a Branch Manager and other staff, the entire efforts of which are devoted to promoting the sale of his goods. One of the advantages of the branch is that it provides the buyers in the area with a man on the spot to whom they can explain their requirements and address their complaints, and thus encourages them to buy more. The drawback of the branch is the expense involved in maintaining it. It is obvious, therefore, that only a large manufacturer can afford to have branches, and that even a large one may have areas where the demand for his goods is too small to justify maintenance of a branch. [In such a case, he may have to adopt other methods to push the sale of his goods, one of which is the appointment of Agents.]

Agents.—The agent may represent only one manufacturer, but he often acts for several. He usually maintains

at his own expense an office and staff and is remunerated for his efforts by a fixed monthly allowance and/or commission on his sales. This method is not without its shortcomings. The chief of these is that, as an agent may represent several manufacturers, his attention is divided between them and he cannot effect as large a sale of the goods of a particular manufacturer as the latter's own organization, e.g., his branch, might be able to do. To secure whole-hearted support from an agent the manufacturer may appoint him his sole agent for a certain area by granting him the exclusive right of selling his goods in that area. The agent, thus assured of a fixed sales field, may make the best effort to popularize the goods of his principal.

Terms of Agency.—The main points to be settled regarding the terms of agency are:

(a) **Monthly Allowance or Commission.**—The rate of allowance or commission is fixed with reference to the capacity of the agent to push the sale of his principal's goods. In deciding what is a reasonable rate, the facilities provided by the agent in the shape of show-rooms, travellers, etc., are also taken into account.

(b) **Duration of Agency.**—If the goods are being marketed for the first time, the agent has to strive hard to popularize them. He would, therefore, be justified in asking for a long term of agency, to reap the fruit of his pioneering work. But generally, it is not in the interests of the principal to grant an agent a very long term of agency; for if the principal does so, he is precluded from terminating it before the expiry of the period even though the agent's work should turn out to be unsatisfactory. The period of agency should therefore be reasonable from the point of view of both the principal and the agent. For instance, if the agent is likely to spend two years in pioneering work, he deserves the agency for a period of at least five years. If, however, the goods to be sold are already popular, the principal may grant the agency for a short

term, e.g., one year, and may renew it for a further period, if the agent's work is found satisfactory.

(c) **Territory under the Agent.**—The area allotted to an agent must neither be too small nor too large. In the former case, the agent will not be able to earn adequate commission and will cease to take sufficient interest in his work. In the latter case, he will not be able to operate the area properly.

Hints on Drafting Applications for Agencies:

1. The writer usually commences his application in one of the following ways:

- (a) If the application is made on the writer's own initiative, he will point out that there is a good scope for the sale of the manufacturer's goods in a particular area, and that he is prepared to act as an agent to push their sales in that area.
- (b) If the application is made in response to an advertisement by the manufacturer, the writer will refer to it, and offer his services as an agent.
- (c) If the applicant has learnt from other sources of the manufacturer's desire to appoint an agent, he will state the source of his information, while offering his services as an agent.

2. The applicant may next emphasize his ability to sell the goods. In this connection he may refer to:

- (a) His standing and his experience of the trade.
- (b) His knowledge of local conditions.
- (c) His business connections.
- (d) The facilities at his disposal, for example, show rooms, display-windows, etc.

3. He will then state the terms on which he is prepared to take up the agency, or ask the manufacturer to state his terms for granting the agency. An expression sometimes used with reference to such terms is *del credere*. When the agent, in consideration of an extra commission being paid to him besides his usual commission, undertakes

to guarantee payment for the goods sold through his agency and thus becomes liable to his principal for the amount, in the event of default or insolvency of the buyer, the extra commission paid to him is called *del credere* commission.

4. The applicant will give suitable trade or bank references or both, if he is not known to the addressee. If the agent is likely to keep a large quantity of goods in stock he may undertake to deposit by way of security an adequate sum with the principal.

5. In the end the applicant usually expresses the hope that his application will be considered favourably.

Offer of Agencies.—Letters offering agencies and those replying to requests for agencies are written on the lines of Applications for Agencies, and therefore, require no special consideration.

Letters to Travellers.—The sales manager who has frequently to deal with his travellers by post is often in doubt as to what tone he should adopt in writing to them. On most occasions, he will find it advisable to be informal to some extent and to write in a personal strain. As a rule, travellers work harder when they are treated in a friendly manner than when they are treated as strangers. Should their work during a particular period prove unsatisfactory, they may be induced to make amends if the letters written to them take the form of encouragement rather than of reprimand.

1. *Letter offering Agency for Canned Goods for a certain area.***COLONIAL EXPORTERS**

12, ST. ANDREW STREET,
EDINBURGH,
SCOTLAND.

2nd February, 1937.

Messrs. Bhailal & Co.,
15, Hornby Road,
BOMBAY, 1.

Dear Sirs,

We are indebted to Mr. Eric S. Duncan, Nairobi, Kenya, for your name as being a firm of standing and repute, and in view of this recommendation we are writing this to offer you our Agency for the Bombay and Karachi areas.

We specialize in the export of Currants, Sultanas, Canned Fruit, Lobster, Salmon, etc., and in addition are sole proprietors of the well-known "Elephant Brand" of tinned Vegetables, comprising peas, French beans, Celery, Tomato Purée, etc., which we export in large quantities overseas.

As you are aware, these commodities are very competitive lines; yet we should be prepared to cover you with a commission of 5% on the F.O.B. value of all transactions brought to a satisfactory conclusion.

Terms.—Our usual terms are cash against documents in London; but in certain instances when the standing of a buyer is beyond dispute, we may stretch a point and draw at sight against documents through The National Bank of India, Ltd.

Should you agree to represent us, we shall arrange to forward a few necessary samples and our offer lists at regular intervals.

Awaiting your reply,

We are,
Yours faithfully,
For Colonial Exporters,
M. B. Johnson.

2. *Letter offering Agency in Plastics.*

HALEX LIMITED

HALE END.

LONDON, E. 4.

30th November, 1945.

Messrs. Framroz & Company,
Oriental Bank Building,
Esplanade Road,
BOMBAY.

Dear Sirs,

We are contemplating appointing a commission agent for the sale of our products in your province, and your name has been kindly given us by the Department of Overseas Trade in London.

We are a subsidiary company of the New Xylonite Company, Limited, who were pioneers in the Plastics Industry, as stated in the enclosed leaflet of the Stock Exchange Intelligence, and we manufacture a large variety of toilet articles and plastic mouldings described in the enclosed list.

In case you wish to co-operate with us, will you be good enough to inform us whether in the event of your appointment as our agents you would be free to act for us in that capacity? We require an independent agent who is not under contract either with our competitors or with an English confirming house in our lines of goods. We would pay you commission on all orders received direct or indirect from your territory, and the goods would be invoiced either direct to the dealer, or to any English confirming house that you desire.

We should expect to be kept posted by you with information as to the state of the market, prices, competition, articles in demand, etc.

We suggest a commission of 5% on all sales direct or indirect from your territory. At present we are not in production of all the lines mentioned in our list, but we are already supplying quantities of Combs, Tooth Brushes and Table Tennis Balls to the various Indian markets, and we wish to prepare the ground for other articles also, as and when we are able to place them on the market.

• If this proposition interests you, in order to enable us to give due consideration to your application, will you please let us know what agencies you hold at present, mentioning the products and the names and addresses of the principals, as we take it for granted that you would wish us to write to them for references.

Yours faithfully,
Hallex Limited.

3. *Letter offering Sole Agency.*

AMCO (LONDON), LIMITED

Export Dept.
B.

7, NICOL ROAD,
LONDON, N. W. 5.
12th August, 1945.

Messrs. Padam & Co.,
The Central Bank Building,
Fort, Bombay (India).

Dear Sirs,

With reference to your advertisement in the *Chemist & Druggist* some time ago, we are enclosing a descriptive leaflet on Chemico Wax and shall be glad to learn if you would be interested in the sole distributing rights for India.

This wax is used as a basis for many and varied types of pharmaceutical and toilet preparations and has been evolved by an expert technical and research chemist of long experience in this field. We know, of course, that there is a number of other waxes being offered today purporting to be all-purpose products; but most of these have been hastily conceived as a result of war-time shortages, and they mainly contain substitute ingredients. These may have sufficed for sub-standard preparations, but they certainly will not stand the test of high-class toilets and therapeutics.

Chemico Wax is not manufactured from substitute or inferior ingredients. It is a standardized acid-resistant product, laboratory controlled at all stages, and this ensures a quality in which the most exacting user can have every confidence. Further, it has a high melting point and

can therefore be shipped through and to tropical climates without any risk of its melting or deteriorating.

The terms we suggest for distributors are that they shall purchase the product on their own account at a special price and arrange for its marketing according to the conditions obtaining in their territory.

We shall, of course, give them every possible assistance, but shall expect them to have their own descriptive literature printed, appropriate to the requirements of their market. They will be free to fix their own selling prices and any enquiries received by us from their territory will be referred to them.

Our special export distributor price is 9/6d. per lb., delivered free to London shippers, and, in the first place, terms of cash against documents in London, but when the development of the business warrants, we shall be pleased to consider other terms.

We have a constant and considerable manufacturing programme, ensuring ample supplies, and as we have also secured a general export permit, there will be no hindrance at this end to an extensive and mutually interesting business.

We have sent you samples under separate cover and await your reply with interest.

Yours faithfully,
Amco (London), Ltd.,
Norman Kaye.

*4. Letter applying for Sole Agency.***S. MONTAGUE****Commission Agent & Merchant**

110, BROAD STREET,
NEW YORK 4, N. Y.
28th July, 1944.

Messrs. Popatlal & Co.,
Musjid Bunder Road,
BOMBAY, India.

Gentlemen,

I am interested in representing in this country reliable exporters of Indian gums and other raw commodities, and shall be glad, if you are willing to start business in the U.S.A., to act here as your sole agent on a commission basis.

My long experience and good connections with importers enable me to assure you that if you favour me with your confidence, I can obtain for you an important quota of business annually.

If you agree to my proposal, please send me without delay the terms of business you propose, necessary samples, etc., to enable me to start work at once.

My references are: Manufacturers' Trust Company, 135, Broadway, New York 4, N. Y.; and Church & Dwight Co., 12 Cedar Street, New York 5, N.Y.

I shall be obliged for your early reply and remain,

Very truly yours,
S. Montague.

5. *Reply to Letter No. 4.*

EASTERN EXPORT COMPANY

112, HAMAM STREET,
BOMBAY, I.

22nd October, 1944.

S. Montague, Esq.,
110, Broad Street,
New York 4, N.Y.

Dear Sirs,

Your letter dated the 28th July addressed to Messrs. Popatlal & Co., of this city, has been passed on by them to us, for compliance, as they are not interested in the export of Indian gums and other allied products.

We have been exporting Indian gums and other products for quite a long time, having been established in this trade since 1926. Before the war we were shipping goods to many American firms, including (1) Messrs. R. J. Prentiss & Co., Inc., New York, and (2) Messrs. Chas. J. Wilson & Co., New York. During the war, however, on account of restrictions on exports, we have not been able to do any business with your country. Now that the end of the War is in sight, we are planning for the post-war period and are desirous of having an energetic agent with good connections who would reintroduce our goods in the American market. Your letter has, therefore, reached us in good time.

Our Main Lines.—The main lines handled by us are:

- (1) Indian gums, especially, gum karaya.
- (2) Ginger, pepper and other spices.
- (3) Nux Vomica (crude).

Terms of Business.—Opening of Banker's irrevocable Letter of Credit in our favour.

Our Bankers.—The Chartered Bank of India, Australia and China.

Commission.—We shall allow you a commission of 3% on the C.I.F. Invoice price.

Samples.—We are arranging to send you the necessary samples.

In the meantime we should like you to get into touch with importers of the above products on your side and send us your report and enquiries.

Yours truly,
Eastern Export Company.

6. *Letter accepting the Agency.*

S. MONTAGUE

Commission Agent and Merchant

110, BROAD STREET,
NEW YORK, 4 N.Y.
15th January, 1945.

The Eastern Export Company,
112, Hamam Street,
BOMBAY, 1.

Dear Sirs,

I am in receipt of your letter of the 21st October, and thank you for its contents, which I have noted with interest.

I accept your Agency under the terms stated in your letter and hope that I shall be able to develop a substantial business for you here. Allow me to point out, however, that some of my principals bear the cost of my cables to them regarding the agency work. I hope you, too, will be prepared to do so.

I am also interested in representing a good exporter of cashew nuts, which line I can handle satisfactorily as I am now selling almonds, filberts, etc., from Spain.

I expect to hear from you soon and await your samples.

Yours truly,
S. Montague.

7. *Application for Agency.*

EXCELSIOR ELECTRIC CO.

15, LOHAR CHAWL,
BOMBAY, 2.

15th February, 1946.

The Sialkot Electric Works, Ltd.,
Kacheri Road,
SIALKOT.

Dear Sirs,

We learn from our friends Messrs. Khanna & Hariraj of your town that you are the leading manufacturers of electric fans of all kinds and that you are desirous of appointing an influential firm as your selling agents in Bombay. We are, therefore, pleased to inform you that we are prepared to co-operate with you if you appoint us as your sole agents for the province of Bombay.

We have been established as wholesale dealers in electrical goods for the last twenty years and have built up extensive and valuable connections. Besides, we hold the sole agency for the Bijli Electric Works, Calcutta. But as the above firm does not manufacture electric fans its products will not compete with yours.

We have a spacious show room at 112, Hornby Road, which is kept illuminated by neon light up to 12 o'clock every night, and where the goods we distribute are attractively displayed. We have also in our employ experienced travellers to canvass orders from this city and the rest of the province. We are consequently confident of effecting a large sale of your products every month.

We are in a position to give you excellent bank and trade references, but we specially refer you to our common friends Messrs. Khanna and Hariraj, who would be able to give you any information you might desire about our standing and resources.

In case you approve of our co-operation, please let us know the terms and conditions on which you would grant us your sole agency.

We shall be prepared, if you so desire, to take up the *del credere* responsibilities also.

Should you agree to grant us your representation, we will undertake to look after your interests to the best of our ability.

Awaiting the favour of an early reply,

We are,
Yours faithfully,
Excelsior Electric Company.

8. *Reply to Letter No. 7.***THE SIALKOT ELECTRIC WORKS, LIMITED**

KACHERI ROAD,
SIALKOT.

21st February, 1946.

The Excelsior Electric Co.,
15, Lohar Chawl,
BOMBAY.

Dear Sirs,

We are in receipt of your letter of the 15th inst. and are glad to inform you that as we have received a favourable report about your firm from Messrs. Khanna & Hari-raj, we have decided to appoint you as our Agents on the following terms:

(a) We appoint you as our sole agent for the Province of Bombay and agree to pay you a commission of 10 per cent on the net value of all orders received by us either through you or directly from any part of the province after they are duly executed and the price realized. We also agree to give you $2\frac{1}{2}$ per cent additional commission for under-taking *del credere* responsibilities.

(b) The period of the agency will be two years in the first instance.

(c) We agree to bear half the cost of publicity carried on by you for our products provided your plans of publicity and the estimated cost are approved by us.

(d) We will supply you with as many sets of samples of our fans as you may need on your depositing with us half of their list price. Samples, however, will remain our property and your deposit will earn interest at $2\frac{1}{2}$ %.

(e) No orders received by us direct will be executed unless referred to and approved by you.

(f) You will sell the goods at the list prices which are subject to a trade discount of $6\frac{1}{4}\%$.

(g) Goods will be consigned to the buyer and the Railway Receipt will be negotiated through an approved bank.

We shall be glad to receive your confirmation of the above terms at an early date so that we may arrange to embody them in the formal agreement and send the same for your approval and signature.

Yours faithfully,
The Sialkot Electric Works, Ltd.,
S. D. Sharma,
Managing Director.

*9. Letter of Encouragement to a New Traveller.***KEYMER BAGSHAW & COMPANY**

20, STRAND ROAD,
BOMBAY.

2nd September, 1946.

Dear Mr. Gupta,

I have just received your Weekly Report dated the 31st August and am sorry to note that you had rather a bad week at Baroda, especially after you had secured good orders from Surat. But do not be discouraged. Even the most experienced travellers, at times, meet with bad luck and have blank weeks. I would advise you, therefore, to persevere with the sales plan I have chalked out, and I am sure you will soon achieve encouraging results.

Yours very truly,
A. B. Mukerji.

19. *Letter asking a Traveller to put More Push into his efforts.*

SHALIMAR COMPANY

39, BADUR BAGAN ROW,
CALCUTTA.

4th March, 1946.

Dear Mr. Mitter,

I am surprised to find from your reports that your sales during the last month have been much below the average. Our other travellers are doing exceedingly well and their returns are far in excess of what they were this time last year. If the lack of orders is due to any special difficulty, please acquaint me with it. Perhaps I may be able to suggest some way to overcome it. Otherwise, put a little more push into your efforts so that you may come up to the level of your colleagues in other areas. At any rate, inform me how things stand, as your territory is too important to be neglected.

Yours very truly,
D. Dasgupta.

INSURANCE CORRESPONDENCE

Part I. General Principles

Introduction.—All commercial activities are subject to an element of risk. A trader who owns a shop runs the risks of its being destroyed by fire. A shipper who has his cargo on the seas is constantly in danger of losing it by reason of the sinking of the ship. A partner in a firm is always afraid of losing a part of the capital of the firm as the result of the death of one of the partners. Such risks or possibilities of loss introduce an element of uncertainty into business affairs. The practice of insurance arises out of the need to remove this uncertainty. By means of insurance the insured is assured that if the risk to which he is exposed does materialize and results in a financial loss to him, he will be indemnified by the insurer for such loss. Insurance, of course, cannot prevent the occurrence of the loss, but it does compensate the insured for the loss, and thus protect him from its consequences. No wonder, therefore, that this device for providing against possible losses is widely used by modern business men.

Definition.—Insurance is a contract between two parties by which one of them, called the *Insurer*, agrees to indemnify the other, called the *Insured* or *Assured*, against a loss which may be caused by the happening of a certain event. The contract is embodied in a document called the *Policy*. The insurer undertakes to indemnify the assured for a consideration in the form of money, called the *Premium*. The contingency insured against is called the *Risk*.

The Principle underlying Insurance.—The principle of insurance was admirably stated by a select committee of the

the House of Commons, which in 1825 said: "Whenever there is a contingency, the cheapest way of providing against it is by uniting with others, so that each man may subject himself to a small deprivation, in order that no man may be subjected to a great loss. He upon whom the contingency does not fall does not get his money back again, nor does he get for it any visible or tangible benefit; but he obtains security against ruin and consequent peace of mind. He upon whom the contingency does fall gets all that those whom fortune has exempted from it have lost in hard money, and is thus enabled to sustain an event which would otherwise overwhelm him." The principle may be explained by an example. Suppose an insurer insures a thousand shops each of the value of Rs. 5,000. Suppose, further, that the owner of each shop has to pay Rs. 10 annually to the insurer as premium. If on an average one shop is burnt down every year, the insurer pays Rs. 5,000 to the owner of that particular shop. This he pays out of the sum of Rs. 10,000 he has collected from 1,000 shop-owners. Thus every shop-owner whose shop remains untouched parts with Rs. 10 per annum without getting any tangible benefit in return, but thereby he buys peace of mind. The man whose shop is burnt down gets Rs. 5,000, which is really the full value of the property destroyed. If he had not insured his shop its destruction by fire would have been an overwhelming loss to him.

Fundamentals of Insurance.—In a contract of sale of goods, it is the duty of the buyer to ascertain the quality of the goods he buys, and their fitness for the purpose he has in view. If, therefore, the seller observes silence as to the quality of the goods he sells and lets the buyer think that he is buying goods of a particular quality, though as a matter of fact he does not, the seller cannot be blamed. The buyer in such a case is governed by the principle of *caveat emptor*, which means 'buyer beware'. Although there are exceptions to the rule, they only point to its general applicability.

The contract of insurance is unlike a contract of sale of goods. This contract is *uberrima fides*, i.e., it is based on the *utmost good faith*. The parties to a contract of sale of goods have merely to abstain from deceit; but in a contract of insurance, the assured has a heavier responsibility. He has not only to tell the truth in all the statements he makes to the insurer, but he has also to make a full and complete disclosure of all that he knows or ought to know about the risk that is likely to influence the insurer in accepting or declining to accept the risk or in fixing the rates of premium. This is necessary because any concealment of material facts on the part of the assured will invalidate the contract.

Indemnity.—Indemnity means security against damage or loss. A contract of insurance (other than that of Life Assurance and Personal Accident Insurance) is essentially a contract of indemnity, i.e., it ought not to be entered into as a wager or gamble on the happening of an event, or with the motive of making a profit. Its legitimate purpose is to provide against the monetary loss to which the insured is likely to be put, on the occurrence of the contingency. For instance, if a person insures his house against loss by fire for a sum higher than the value of the house, and the house is burnt down, he cannot recover from the insurer more than the value of the house. Similarly, in a case of double insurance, the insured is not permitted to be indemnified from two sources in respect of the same loss. From these examples it will be clear that the law does not sanction any insurance which would make the insured a gainer by the destruction of the thing insured, because, if it were otherwise, there would be a temptation to the insured to destroy the subject matter of insurance and profit thereby.

Insurable Interest.—To effect an insurance a person must have an insurable interest in the subject matter of insurance. A person is said to have an insurable interest in the subject matter of insurance when he stands in such relation to it that he would suffer loss by its destruction

or damage, and would be benefited by its continued existence. For example, the owner of goods has an insurable interest in them. Similarly, a creditor has an insurable interest in the life of a debtor to the extent of his debt.

Principal forms of Insurance.—The chief forms of insurance are life, fire and marine. In recent times several other types of insurance, such as Accident Insurance, Workmen's Compensation Insurance, etc., have come into existence. In this book, however, we shall deal only with Life, Fire and Marine Insurance.

Part II. Life Assurance

Life Assurance.—Life insurance is usually called Life Assurance, to distinguish it from other forms of insurance such as fire and marine insurance. Life Assurance is a contract by which the insurer, in consideration of a certain premium, either in a lump sum or by periodical payments, undertakes to pay a certain sum to the assured on his reaching a particular age, or to those entitled to it in the event of his death.

Kinds of Policies.—There are many kinds of life policies, the following being the principal ones:

(1) **Endowment Policy.**—It is a policy in which the amount of insurance is paid to the assured on his reaching a specified age. If he dies earlier, the amount is paid to the person or persons entitled to it, i.e., his heirs, nominees, or assignees. The premiums on such a policy are to be paid until the assured reaches the specified age or until his death, if it occurs earlier.

(2) **Whole-Life Policy.**—Under this policy the amount assured becomes payable on the death of the assured. The premiums on such a policy may be spread over one's whole life, or they may be made payable for a fixed number of years. In the latter case, the assured has the satisfaction of knowing the maximum amount he will be required to pay, irrespective of how long he lives. In any case the policy does not mature until the death of the assured.

(3) **Policy upon Joint Lives.**—Under this policy the joint lives of two or more persons are assured, so that in the event of the death of one of them, the amount assured becomes payable to the survivor or survivors. Such a policy is usually taken out by a firm, and the premium on it is paid from the funds of the firm.

All the policies mentioned above may be *With-profit* policies or *Without-profit* policies. In the first type, the policy-holder participates in the profits of the insurance company; in the second, he does not participate in such profits.

Procedure for taking out a Life Policy.—The person intending to insure his life is likely to study and consider the relative advantages which the various insurance companies offer, by consulting their respective agents or reading their prospectuses, before he selects the one best suited to his needs. The company he has selected will furnish him, on request, with a *Proposal Form* containing a number of questions he must answer fully and accurately. An important question will pertain to his age. In answer to this, he has not merely to state his age, but also to produce evidence in support of his statement. After the receipt of the *Proposal Form* duly filled, the Company will arrange for his medical examination by a doctor approved by them. After they have secured possession of all the papers, the company will decide whether or not to accept the proposal. If it is accepted, he will be informed accordingly and asked to pay the first premium. When this is paid, the company will proceed to issue the policy. The assurance, however, begins with the acceptance of the first premium by the company.

Rates of Premium.—Every Company publishes these in its prospectus. They apply to the normal male lives of those not engaged in hazardous occupations. But insurance companies are generally prepared to insure the lives of even those whose health is below the average standard, of women, and of those engaged in hazardous occupations, at higher rates of premium.

Payment of Premiums.—Premiums are payable annually, half-yearly, quarterly or monthly, according to the terms of the contract. Generally, *thirty days of grace* are allowed for the payment of premiums by annual, half-yearly and quarterly instalments; and fifteen days of grace for the payment of premiums by monthly instalments. The *days of grace* are the days allowed beyond the appointed time within which the premiums must be paid. If a premium is not paid even within the days of grace the policy lapses from the due date of the unpaid premium.

Surrender Value.—The surrender value of a policy is the amount an insurance company will pay to the assured if he surrenders his policy to the company and extinguishes his claim thereunder. It represents the amount of the premium paid by the assured together with the interest that has accrued thereon, less the cost to the company of the risk of the insured person's dying during the currency of the policy, and his share in the expense of the management of the company during that period. In the case of a policy that has remained in force for less than three years, the value of the first two items is not higher than that of the last two. The surrender value of such a policy is, therefore, nil. As a general rule, however, the greater the number of premiums paid on a policy, the higher is its surrender value.

Assignment.—The assignment of a policy may be made by an endorsement upon the policy or by a separate instrument signed by the assignor and attested by at least one witness. But an assignment will not be operative against the insurance company, unless notice in writing of such assignment has been given to the company. When a policy is so assigned, it should be transferred to the assignee. An assignment is usually made after the policy has earned a surrender value, when it becomes a valuable security for loans.

Nomination.—One very useful provision introduced by the Indian Insurance Act of 1938 is the right given to the assured to nominate a person to receive the benefits under

the policy. The nomination can be made by endorsement on the policy, and by communicating it to, and getting it registered with, the insurance company. The nominee is entitled to receive the benefits under the policy, unless the nomination in his favour has subsequently been cancelled.

Claim.—If a claim arises through the maturity of a policy, it is paid by the company to the person entitled to it, if his age has already been admitted as correct by the company; if not, he has to prove it to the satisfaction of the company, before he can claim the amount. When a policy becomes payable on the death of the assured, the death must first be proved by the person claiming the benefits under the policy. The claimant must also satisfy the company that he is entitled to the amount by obtaining a Succession Certificate, or the Probate of the Will or Letters of Administration, unless he happens to be the person to whom the policy is assigned or who is nominated by the assured to receive the amount.

1. *Letter accepting the Proposal.*

THE NEW ERA ASSURANCE COMPANY, LIMITED

ESPLANADE ROAD,
FORT, BOMBAY.

1st June, 1943.

J. B. Mashruwala, Esq.,
Aziz Building,
Cadell Road,
Mahim, BOMBAY.

Dear Sir,

We are glad to inform you that your proposal for assurance has been duly considered by our Directors, and that they are prepared to issue a policy to you on the terms mentioned below:

Proposal No. and Date of Entry	Table and Plan proposed	Sum Assured	Mode of Payt.	Prem.	Deposit Particulars	
					Deposit if any	Balance to be paid
24596 24th May, 1943	I.W. 2	Rs. 5000/-	Quar- terly	Rs. 52		
Plan acceptable to the Company.				Date of Proposal		
As proposed at ordinary rates.						

You are requested to note that until the first premium as shown above is paid in full to, and accepted as such by, this office, no liability attaches to the Company, which reserves the right to cancel this acceptance. If a receipt from this office is not received by you within a fortnight of the payment of the first premium, you are requested to communicate immediately with the company's office in Bombay.

If, between the date of your proposal and the receipt by you of the company's first premium receipt, you suffer from any illness or injury or a proposal for an assurance or an application for revival of an assurance policy on your life to any other company has been formally or informally withdrawn or dropped, deferred or declined or accepted at an increased premium or on terms otherwise than as proposed, you are required to intimate the same to us in writing in order that we may reconsider the proposal.'

As satisfactory evidence of continued good health will be necessary to be produced at your expense, if payment be not made within thirty days from this date, we have to request you to remit the first premium as soon as possible after your receipt of this acceptance letter.

Yours faithfully,
A. B. Shah,
Life Manager.

*2. Letter accompanying the Policy.***THE NEW ERA ASSURANCE COMPANY, LIMITED**

ESPLANADE ROAD,
FORT, BOMBAY.

10th June, 1943.

J. B. Mashruwala, Esq.,
Aziz Building,
Mahim, BOMBAY.

Dear Sir,

Re Life Policy No. 12576.

We have pleasure in sending you herewith your Life Policy, the number of which is noted above.

As you have now become a member of this great organization, you would naturally wish to see it prosper. We, therefore, hope that you will persuade your relatives and friends to follow the good example set by you, by insuring their lives with us. You will thus be helping the company in declaring progressively high bonuses which you will also share. We also trust that, whenever possible, you will supplement the amount of this policy by further insurance.

Please examine the policy carefully, and let us know if you find any error or omission in it, so that we may arrange to get the same rectified.

We shall be obliged if you acknowledge receipt of the policy on the enclosed business card, which is not required to be stamped.

Yours faithfully,
A. B. Shah,
Life Manager.

3. *Letter asking for the Surrender Value of a Policy.*

AZIZ BUILDING
CADELL ROAD,
MAHIM, BOMBAY.

1st August, 1945.

The Manager,
The New Era Assurance Co., Ltd.,
Esplanade Road,
BOMBAY, 1.

Dear Sir,

Re Life Policy No. 12576.

I intend to surrender my above policy for a cash value as my financial circumstances make it impossible for me to continue to pay the premiums. I shall, therefore, be glad if you will let me know the present surrender value of my policy.

Yours faithfully,
J. B. Mashruwala.

4. *Reply to Letter No. 3.***THE NEW ERA ASSURANCE COMPANY, LIMITED**

ESPLANADE ROAD,
FORT BOMBAY.

8th August, 1945.

J. B. Mashruwala, Esq.,
Aziz Building,
Cadell Road,
Mahim, BOMBAY.

Dear Sir,

Surrender value of Life Policy No. 12576.

With reference to your letter dated the 1st instant, we regret our inability to pay the surrender value of your life policy for reason No. 1 mentioned below:—

1. A policy acquires surrender value only after at least three annual premiums have been paid. As you have not paid three annual premiums the policy has no surrender value.
2. The policy stands assigned to a minor and as a minor assignee cannot give a valid consent (as every assignee should) for paying the surrender value, we are precluded from paying the same to you.
3. The policy stands lapsed from———, and as such it has no surrender value.

Yours faithfully,
A. B. Shah,
Life Manager.

5. *Another reply to letter asking for Surrender Value.*

THE NEW ERA ASSURANCE COMPANY, LIMITED

ESPLANADE ROAD,
FORT BOMBAY.

8th August, 1945.

J. B. Mashruwala, Esq.,
Aziz Building,
Mahim, BOMBAY.

Dear Sir,

Life Policy No. 12576.

With reference to your letter of 1st instant, the surrender value of your policy is Rs. 1,035 (exclusive of the cash value of Bonus) subject to the deduction of arrears of premium, cash loan, and interest, if any.

If you desire to have the Surrender Value, please let us have the following:—

1. Policy.
2. Bonus Certificates.
3. Authoritative proof of age.
4. Assignee's consent on enclosed form.

The surrender value quoted above is subject to your age at entry being in order, if not already admitted.

Though we have quoted above the surrender value of your policy, we would request you to give serious thought to the advisability of continuing the assurance so wisely taken out for the benefit of yourself and your family.

Yours faithfully,
A. B. Shah,
Life Manager.

6. *Letter quoting the Paid-up Value of a Policy.*

THE NEW ERA ASSURANCE COMPANY, LIMITED

ESPLANADE ROAD,
FORT, BOMBAY.
14th February, 1944.

Shantilal B. Vora, Esq.,
Lal Bazar,
BROACH.

Dear Sir,

Policy No. 3225 Own Life.

With reference to your letter of the 12th inst. we are to inform you that the paid-up value of your policy is Rs. 2,520, exclusive of the Bonus of Rs. 20.

• If you wish to have your policy converted into a paid-up one, please let us have the following:—

1. Policy.
2. Authoritative proof of age.
3. Assignee's consent on enclosed form.

The paid-up value quoted above is subject to your age at entry being in order, if not admitted already.

Though we have quoted formally the paid-up value of your policy, we would suggest the desirability of your continuing the full assurance so thoughtfully taken out as a provision for yourself and your family.

Yours faithfully,
A. B. Shah,
Life Manager.

7. *Letter intimating the Conversion of a Policy into a Paid-up Policy.*

THE NEW ERA ASSURANCE COMPANY, LIMITED

ESPLANADE ROAD,
BOMBAY, 1.
23th March, 1944.

Shantilal B. Vora, Esq.,
Lal Bazar,
BROACH.

Dear Sir,

Policy No. 3225 Own Life.

As desired in your letter dated the 26th inst. we have converted your above policy into a paid-up one for Rs. 2,520 from the 31st March, 1944. The paid-up policy is subject to all the terms and conditions of the original policy.

You are now requested to let us have (1) a satisfactory proof of your age and (2) your policy for necessary endorsement.

Please note that the amount of the paid-up value quoted herein is subject to be altered if your age at entry is not found to be in order.

We assume that extraordinary circumstances must have compelled you to decide to stop future payments on the policy, and trust that as soon as you are in a position to take out a fresh assurance you will not fail to write to us or approach the nearest office of our Company for a new policy with us.

Yours faithfully,
A. B. Shah,
Life Manager.

8. *Application for Loan against Life Policy.*

NAKHUDA BUILDING,
DHABI TALAO,
BOMBAY, 2.
12th March, 1945.

The New Era Assurance Co., Ltd.,
P.O. Box No. 953,
BOMBAY, 1.

Dear Sir,

Re Life Policy No. 21356.

I regret, I have not been able to pay the premiums on the above policy for some time, but note with satisfaction that under the automatic non-forfeiture clause, my policy has not lapsed.

Unfortunately, I am pressed for money, and shall therefore, be obliged if you will let me know the maximum amount I can borrow against my policy. Please treat this request as urgent, and let me have an early reply.

Yours faithfully,
A. V. Canteenwala.

*9. Reply to Application for a Loan.***THE NEW ERA ASSURANCE COMPANY, LIMITED**

ESPLANADE ROAD,
FORT, BOMBAY.
14th March. 1936.

A. V. Canteenwala, Esq.,
Nakhuda Building,
Dhobi Talao,
BOMBAY, 2.

Dear Sir,

Application for Loan on Life Policy No. 21356.

With reference to your letter referred to above, we regret to state that no loan is available on your policy for reason No. 3 given below:—

1. As three annual premiums have not been paid on the policy, it has no surrender value, and therefore no loan value.
2. The surrender value of the policy is not sufficient to enable the Company to advance even the minimum loan of Rs. 50/-. The company does not grant loans of smaller amounts.
3. As six annual premiums have been paid out of the surrender value, the balance is not sufficient to enable the company to advance even the minimum loan of Rs. 50/-.
4. The policy stands assigned to a minor, and as a minor assignee cannot give a valid consent or be a party to the Loan Bond (as every assignee should) the company is precluded from granting a loan on a policy so assigned.

Yours faithfully,
A. B. Shah,
Life Manager.

10. *Another reply to an Application for a Loan.*

THE NEW ERA ASSURANCE COMPANY, LIMITED

ESPLANADE ROAD,
BOMBAY, 1.

14th March, 1945.

A. V. Canteenwala, Esq.
Nakhuda Building,
Dhobi Talao,
BOMBAY, 2.

Dear Sir,

Re Policy No. 21356—Own Life.

In reply to your enquiry dated the 12th March, we beg to inform you that a maximum loan of Rs. 520/- is available on your above policy.

We should have the following to enable us to prepare the Loan Bond:—

1. Policy.
2. Authoritative proof of age, if not already admitted.
3. Rs.....As.....for stamp fee.
4. Assignee's consent on the enclosed form.

Yours faithfully,
A. B. Shah,
Life Manager.

*11. Letter notifying Maturity of the Policy.***THE NEW ERA ASSURANCE COMPANY, LIMITED**

ESPLANADE ROAD,
BOMBAY, 1
15th July, 1945.

A. V. Canteenwala, Esq.
Nakhuda Building,
Dhobi Talao,
BOMBAY, 2.

Dear Sir,

Re Policy No. 21356—Own Life.

We have the pleasure to inform you that your above policy matures for payment on the 21st July, 1945. We enclose a form of Certificate of Survival, which please return duly completed by a person known to you.

Please let us have an authoritative proof of your age, in case your age has not already been admitted by us, together with the policy and the Bonus Certificates.

Yours faithfully,
A. B. Shah,
Life Manager.

12. *Reply to a letter making a Claim on the death of a Policyholder*

THE NEW ERA ASSURANCE COMPANY, LIMITED

ESPLANADE ROAD,
BOMBAY, I.

17th September, 1941.

Mrs. Sushila B. Pradhan,
112, Girgaum Back Road,
BOMBAY, 4.

Dear Madam,

Re Policy No. 1235 on the life of
Mr. Narayan B. Pradhan (Deceased).

We are in receipt of your letter dated the 16th September, and regret to learn of the death of Mr. N. B. Pradhan. Please accept our condolences in your bereavement.

Our examination of the details of the policy will take some time. In the meantime, we enclose a set of Claim Forms which are to be completed and returned by the person legally entitled to claim the money on the policy.

After going through the details, we shall let you know the position of the policy. If it is in force, we shall communicate to you our requirements for consideration of the claim.

Yours faithfully,
A. B. Shah,
Life Manager.

13. *Reply to a letter making a Claim on the death of a Policyholder.*

THE NEW ERA ASSURANCE COMPANY, LIMITED

ESPLANADE ROAD,
BOMBAY, 1.

22nd September, 1941

Mrs. Sushila B. Pradhan,
112, Girgaum Back Road,
BOMBAY, 4.

Dear Madam,

Re Policy No. 1235 on the life of
Mr. Narayan B. Pradhan (Deceased).

With further reference to our letter dated the 17th September, 1941, enclosing the Claim Forms, we beg to advise that the policy is in force.

It is necessary for you to furnish the following requirements in addition to filling and returning us the Claim Forms:—

1. A certified extract from the Municipal Register of Deaths.*
2. Proof of age as stated by the policyholder in his proposal of assurance.
3. Title: Legal proof of title as per instructions in the attached note (subject to the claim being admitted, the amount for which the title would be necessary is Rs. 10,000/-).
4. Original policy and the bonus certificates.

Yours faithfully,

H. V. Das,

Life Superintendent.

*N.B.—(a) If the place of death is not in a Municipal area, a certified extract from the Register of Deaths maintained by the Local Board or such other recognized institution.

(b) In the absence of a Municipality or Local Board in the area, an extract from the village Register of Deaths countersigned by the Taluka Office or from the Police Register on their printed form.

*14. Letter intimating the Lapsing of a Policy.***THE NEW ERA ASSURANCE COMPANY, LIMITED**

ESPLANADE ROAD,
BOMBAY, 1.

29th April, 1942.

Mr. Bhailal B. Sharma,
Hindu Colony,
Dadar,
BOMBAY, 14.

Dear Sir,

Re Policy No. 3559—Own Life.

We beg to inform you that the instalment of the premium due on the 25th March, 1942, on your above-noted policy, not having been received by us within the days of grace the policy stands lapsed, and the company stands under no risk on your life. This deprives you of the benefit for which you insured yourself, and we strongly urge you to take steps immediately to get your policy revived.

The question of the renewal of the policy will be taken up by us, on your sending us the amount noted below and returning to us the enclosed Health Declaration Form, duly completed by you, and witnessed by a person known to you. As a special concession, however, we offer to forego the interest charges of Re. 0-8-0, provided the amount of the premium of Rs. 21-2-0 and the health declaration are received by us on or before the 24th May, 1942. We hope you will appreciate the concession, and proceed forthwith to get the policy revived.

Premium due on 23-3-42	Rs. 21 2 0
Interest.	Rs. 0 8 0
	<hr/>
Total.	Rs. 21 10 0
	<hr/>
Less amount of deposit if any	Nil.
Balance Due.	Rs. 21 10 0
	<hr/>

Yours faithfully,
A. B. Shah,
Life Manager.

Encl: 1 Health Declaration Form.

15. Letter to the company intimating Assignment of Policy.

KOKIL KUNJ,
14TH ROAD,
KHAR,
BOMBAY, 21.
14th February, 1942.

The General Manager,
The New Era Assurance Co., Ltd.
Esplanade Road,
Fort, BOMBAY, 1.

Dear Sir,

Re Policy No. 1234—Own Life.

Please take notice that I have this day assigned my above policy to my wife, Mrs. Tarabai S. Mahtre, and am sending the same duly endorsed.

I shall thank you to register the assignment in your books and to send me a written acknowledgment of the notice hereby given to you, and return the policy when done with.

Yours faithfully,
S. B. Mahtre.

N.B.—In the case of an assignment in favour of wife and/or children, no fee is charged by the company.

Proposal, giving full particulars of the property to be insured. If the risk is simple, e.g., the insurance of a private dwelling house, the company may quote a premium straight off, and on its acceptance, proceed to issue a policy, but in other cases, where necessary, the property will first be inspected by a representative of the company. On his report, the company will either accept the risk and fix the premium, or decline to accept the risk. If it accepts the risk, it will issue a 'Cover Note' to the proposer. The Cover Note is an undertaking by the company to cover the risk between the time of acceptance of the proposal and the delivery of the policy to the insured.*

After a policy has been issued, it is obligatory on the part of the insured to inform the company of any change by which the risk to the insured property may be altered, and to obtain the company's endorsement on the policy sanctioning the change. If, in such a case, the company has to cover increased risk, the insured may be required to pay additional premium, but if by such a change the risk is reduced, the insured will be entitled to claim a proportional refund of the premium.

Making a Claim.—When a loss by fire occurs, the insured must immediately give a notice thereof to the company and must forward to it within 15 days his *Claim* for the amount, giving full particulars of the property damaged or destroyed and its estimated market value at the time of the fire, supported by necessary vouchers. The company is authorized, in the case of a fire, to send its representative or surveyor to enter the building where fire or damage has occurred, and to remain in possession of the insured property, for the purpose of ascertaining the nature and extent of the loss or damage. Claims are usually adjusted by specialists known as Assessors or Surveyors. Disputes regarding the settlement of a claim may be referred to the decision of Arbitrators, as provided in the conditions of the policy.

* Under the Indian Insurance Act of 1938, the premium must be paid within thirty days of the commencement of the risk.

Assignment of a Fire Policy.—A fire policy is not assignable at the will of the insured, as it is regarded as a personal contract between him and the company. However, when the insured property passes to another person by will or the operation of law, the policy, if it is in force, automatically passes to that person.

1. *Letter asking for a Fire Policy.*

THE PRAVIN STORES

27, KALBADEVI ROAD,
BOMBAY, 2.

12th April, 1945.

The New Hind Insurance Co., Ltd.,
21, Apollo Street,
BOMBAY, 1.

Dear Sirs,

We shall be obliged if you will insure against fire our goods consisting of cutlery and electroplated articles of the value of Rs. 3,000, lying in our godown at 24, Mahendra Building, Bhandarkar Road, Matunga, Bombay, and issue a policy for the amount, covering the risk for six months commencing from tomorrow.

The proposal form supplied to us by your agent, Mr. B. A. Shastree, is enclosed duly completed.

Yours faithfully,
Meghji B. Jani,
Proprietor.

2. *Proposal for Fire Insurance.*

Agency No.

Branch No.

To the,

NEW HIND INSURANCE COMPANY, LIMITED

21, Apollo Street, Fort, BOMBAY.

Place _____

Date _____

Name of Proposer _____

Situation of Premises to be insured. State number of building & name of street.

Period of Insurance required _____ Months From _____ To _____

Amounts to be Insured _____

Rs. on the Building occupied as a _____

Rs. on the Household Furniture and Personal Property _____

Rs. on Stock in Trade Consisting of _____

Total Rupees _____

If there are any servants' quarters or other out-buildings which are to be included please give particulars.

Describe the premises to be insured and state the number of storeys above the ground floor.

Of what materials are the walls constructed ?

Of what materials is the roof constructed ?

Is the building a detached one or do other buildings adjoin it ?

If there are any other buildings within 15 feet of that referred to above, please state the construction and occupation of such buildings

If the building is used as a shop or godown, state what description of goods are stored.

Are any oils, matches or other hazardous goods kept on the premises ? (see overleaf)

How is the building lighted ?

If lighted by kerosene oil lamps, state what quantity of oil is kept ?

Sum Proposed Rate Premium

Rs. @% Rs.

Signature _____

AGENT'S REPORT

1. Are we already interested on the same risk? If so give particulars.	
2. Are we already interested on adjoining risk?	
3. Are we already interested on any risk within 100 feet?	
4. Give any further particulars which you think may be necessary for our use.	
5. State the construction and occupation of adjoining buildings.	

Rough plan showing distances (in feet) from adjacent Buildings,
Roads and Streets.

List of Hazardous Goods.

Acetylene (liquid) Acids of all kinds (except Acetic, Citric and Tartaric) Bamboo Mats, Benzine Benzoline Bichromate of Potash Bi-Sulphide of Carbor Bitumen (other than emulsified Bitumen containing not less than 45% of water and packed in metal drums) Blacks viz., Bone Black, Lamp Black and Vegetable Black Calcium Carbide Calcium Cyanamide except when packed in hermetically sealed drums and each consignment accompanied by the Manufacturers' certificate that the tins contain not more than 0.3 per cent. of carbide Camphine Camphor Candles Caustic Potash Celluloid and Xylonite and other similar substances Charcoal Chlorates of all kinds Chlorate of Potash Cinematograph Films Cocogem other than in tins and/or in bottles Codilla Coir Yarn Coir Matting and Coir Rope Copra Copra Cake and Copra Meal, Cotton (whether in fully-pressed bales or otherwise) Explosives of all kinds (including percussion caps) Fireworks of all kinds Fish Guano and Fish Manure Ghee other than Vegetable Ghee in tins *Glycerine Grasses of all kinds and Straw Gunny Bags (other than in fully-pressed iron-bound bales) Hessians (other than in fully-pressed iron-bound bales) Jute in fully-pressed bales or otherwise Lime Lubricants containing mineral oil or other mineral products Matches of all kinds Metallic Potassium Mungo Naphtha Naphthalene Nitrates of all kinds Nitrate of Potash Oils of all kinds other than vegetable oils in bottles Paints (liquid) Perchlorate of Potash Permanganate of Potash Peroxide of Potash (Potassium Peroxide) Petroleum and its liquid products Phosphorus Pitch Rags Resin of all kinds Saw Dust Shoddy Spirits of all kinds not in bottles Stearine Sulphides, metallic of all kinds Sulphide of Potash Sulphur Sulphur Dyes or Colours (excluding those packed in airtight metal vessels labelled with a certificate by the manufacturers that the dyes (or colours) contain at least 10 per cent of inert inorganic salts Tallow (manufactured or unmanufactured) Tar and/or its liquid products (other than in bottles) Turpentine Vegetable Fibres of all kinds Waste of all kinds (excluding silk and tea waste) Wax of all kinds.

*Glycerine in tins, in cases, in steel drums or other large packages, is classified as non-hazardous, warranted not stored with, or within 20 feet of permanganate of potash, nitrates, metallic sulphides, strong acids fibres or fibrous goods, or blacks such as lamp black.

3. *Letter from the Company enclosing Cover Note.*

THE NEW HIND INSURANCE COMPANY, LIMITED

Post Box No. 443,
BOMBAY.

13th April, 1945.

Meghji B. Jani, Esq.,
Proprietor,
The Pravin Stores,
27, Kalbadevi Road,
BOMBAY, 2.

Dear Sir,

We are in receipt of your letter of the 12th inst., together with the proposal form duly filled in, for which we thank you, and enclose our Cover Note giving you the requisite cover.

Our policy is in the course of preparation, and will be forwarded to you in due course.

Encl: Cover Note.

Yours faithfully,
A. G. Menon,
Fire Manager.

4. Cover Note.

Policy No. _____

THE NEW HIND INSURANCE CO., LTD.

(INCORPORATED IN INDIA.)

Broker's Name _____

Licence No. _____

In lieu of cover note No. _____

Bombay Division :

21, Apollo Street,

Fort, BOMBAY.

13th April, 1945.

TEMPORARY COVER-NOTE

(NOT EXCEEDING 30 DAYS.)

Mr. Meghji B. Jani, Proprietor, The Pravin Stores, 27, Kalbadevi Road, Bombay, having this day proposed to effect an insurance against Fire and/or Lightning for a period of 6 months from 13th April, 1945 to 12th October, 1945, on the usual terms and conditions of this Company's policies and having agreed to pay the undernoted premium on or before the 13th May, 1945, the following property is hereby insured to the extent of Rs. 3,000 in the manner specified below :—

Rupees Three thousand only

On stock of cutlery electroplated goods and other non-hazardous goods their own/in trust/in deposit/on commission/for which they are responsible in the event of loss or damage by fire while stored in godown no. 24, Mahendral Building, Bhandarkar Road, Matunga, Bombay. This Building is used as godowns for non-hazardous goods and has cement roofing and flooring.

ANNUAL HALF-YEARLY QUARTERLY MONTHLY. }	Premium @ as. 4 per cent.	Rs. 7	8	0
	Less	"	"	"
	R.C.C.	"	"	"
	Add Stamp duty	"	"	"
Total Rs.		7	8	0

Subject to the special conditions overleaf.

Note—Special attention is drawn that premium should be paid on the aforesaid date in accordance with Tariff Rules revised from 1st July, 1939.

For THE NEW HIND INSURANCE Co., Ltd.,

A. G. Menon,

Fire Manager.

P. T. O.

In the event of the Proposer named overleaf failing to pay the aforesaid premium to the Company on or before the _____ the Company shall be entitled to recover from the said Proposer the customary short period scale of charges for the class of insurance mentioned and the acceptance by the Proposer of this Temporary Cover-note shall be deemed to be agreement to this condition.

The period of liability granted under this Temporary Cover-note expires at 4 p. m. (S.T.) on the _____ and may in no case be extended thereafter.

On payment to the Company of the Premium above mentioned on or before the said _____ a separate premium receipt will be granted pending the preparation and issue of the Policy, unless the Insurance be declined by the Company.

No liability for loss or damage under this Temporary Cover-note will be admitted unless the premium as shown above be paid to the Company within 15/30 days of the commencement of the insurance.

Your attention is respectfully invited to the relevant portions of Section No. 41 of the Indian Insurance Act (IV of 1938) which reads as follows :—

PROHIBITION OF REBATES.

- (1) No Person shall allow or offer to allow, either directly or indirectly, as an inducement to any person to take out or renew or continue an insurance in respect of any kind of risk relating to lives or property in India, any rebate of the whole or part of the commission payable or any rebate of the premium shown on the Policy, nor shall any person taking out or renewing or continuing a Policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectuses or tables of the Insurer.
- (2) Any person making default in complying with the provisions of this section shall be punishable with fine which may extend to One Hundred Rupees, unless the default is made by a person taking out or renewing or continuing a policy, in which case he shall be punishable with fine which may extend to Fifty Rupees only.

5. *Letter intimating Transfer of Insured Goods to other Premises.*

THE PRAVIN STORES

27, KALBADEVI ROAD,
BOMBAY, 2.

8th June, 1945.

The General Manager,
The New Hind Insurance Co., Ltd.,
21, Apollo Street,
BOMBAY, 1.

Dear Sir,

Re Fire Policy No. F 214.

We wish to inform you that our stock of cutlery and electroplated articles covered by the above policy has been transferred from our godown at 24, Mahendra Building, Bhandarkar Road, Matunga, Bombay, to our warehouse at 112, Masjid Road, Bombay.

Please note the above change and send us the necessary endorsement.

Yours faithfully,
Meghji B. Jani,
Proprietor.

6. *Letter advising change in Premium through Transfer of Risk.*

THE NEW HIND INSURANCE COMPANY, LIMITED

21, APOLLO STREET,
BOMBAY, 1.

9th June, 1945.

Meghji B. Jani, Esq.,
Proprietor,
The Pravin Stores,
27, Kalbadevi Road,
BOMBAY, 2.

Dear Sir,

Re Fire Policy No. F 214.

With reference to your letter of the 8th inst., we note that your goods covered by the above policy have been transferred from your godown at Matunga to your warehouse at Masjid Road.

As the Masjid Road warehouse is adjacent to warehouses containing hazardous goods, a higher rate of annas eight per cent will be applicable from the date of transfer of your goods.

Our endorsement noting the above change, and our bill for the extra charge will be forwarded to you shortly.

Yours faithfully,
A. G. Menon,
Fire Manager.

7. *Letter advising Damage by Fire.*

THE PRAVIN STORES

27, KALBADEVI ROAD,
BOMBAY, 2.

9th August, 1945.

The New Hind Insurance Co., Ltd.,
21, Apollo Street,
BOMBAY, 1.

Dear Sirs,

Re Fire Policy No. F 214.

I regret to inform you that a fire broke out in my warehouse at 112, Masjid Road, at about 10-20 p.m. last night. It was first noticed by Dildar Khan, the night watchman of the locality, who at once summoned the fire brigade by telephone. By the time the brigade arrived the premises were completely gutted, and it was only after strenuous efforts that they succeeded in extinguishing the fire at about 12-15 a.m. I myself arrived at the place at 11-40 p.m., having been informed of the incident by a special messenger sent to me by Mr. A. B. Pakvasa, a friend residing in the neighbourhood.

According to my estimate a stock of the value of Rs. 2,000 has been destroyed. However, please send as early as possible your representative or surveyor to survey the loss, and also let me know what particulars I have to furnish for making a claim.

Yours faithfully,
Meghji B. Jani,
Proprietor.

8. *Letter acknowledging Claim by damage.***THE NEW HIND INSURANCE COMPANY, LIMITED**

21, APOLLO STREET,
BOMBAY, 1.

9th August, 1945.

Meghji B. Jani, Esq.,
Proprietor,
The Pravin Stores,
27, Kalbadevi Road,
BOMBAY, 2.

Dear Sir,

We have your letter of today informing us of a loss by fire which occurred at your warehouse at 112, Masjid Road.

We have instructed our surveyor, Mr. A. B. Khambatta, to survey the loss and shall proceed in the matter on getting his report. In the meantime please fill the enclosed claim form, and return it to us at your earliest convenience.

Encl: Claim Form.

Yours faithfully,
A. G. Menon,
Fire Manager.

9. Claim Form.

Fire Department.

Claim Form.

THE NEW HIND INSURANCE CO., LTD.

INCORPORATED IN INDIA

Claim Under Fire Policy No. _____

I/WE _____ holding
the above mentioned Policy _____ in the New Hind Insurance Co.,
Ltd., hereby declare that on or about _____ o'clock _____ m.
on the _____ day of _____ 19 ____
a fire occurred as follows :—

*State the portions of the risk in which
the Fire commenced and to which it spread,
and give the full address and situations of the
premises.* } _____

and that the said fire was occasioned to the
best of _____ knowledge and belief, by, through or in consequence of

I/WE further declare that at the time of the fire the premises involved
were occupied for the following purpose(s), viz :—

I/WE further declare that the actual realisable value of the property
insured under each separate item of the above Policy under which this claim
is made, was at the time of the Fire _____

and that I was/we were the sole owner(s) of the said property, no other person
having any interest in the same, except (*state here the nature of the interest,
e.g., Mortgagee, Lessee, etc.—if any*) _____

I/WE also further declare that the following is a true and complete
statement of all Insurances covering loss and/or damage by fire which have
been effected upon the said property :—

AMOUNT.	COMPANY.	POLICY NO.

(NOTE.—If there are insurances with Offices other than the New Hind
Insurance Co., Ltd. full copies of all Policies must be attached.)

I/We do hereby solemnly and sincerely declare that the details appended hereto are a full, true and correct statement of the loss sustained by me/us on the property insured by the Policy in consequence of aforesaid fire, amounting to the sum of Rs. _____ and that the amounts claimed, in respect of each and all of the several articles or items of property damaged or destroyed constitute their value at the time of the loss or damage, not including profit of any kind.

I/WE do hereby further solemnly and sincerely declare that I/We have not either directly or indirectly, proximately, or remotely caused the loss, or by connivance, fraud, or misrepresentation sought to benefit thereby. And I/We make the foregoing solemn declarations conscientiously believing same to be true, this _____ day of _____ 19____

Witness _____

Age _____

Address _____

Date _____

Signature of the Assured _____

Address _____

Date _____

**Details of claim for property destroyed or damaged
as required by the conditions of the Company's Policies.**

N. B.—A Fire Insurance Policy is a contract of INDEMNITY only; any claim must be based upon the actual value of the goods or property at the time of the loss or damage, not including profit of any kind.

When arriving at net amount to be claimed, care should be taken to credit the Company with the value of any salvage remaining.

Item of Policy	Description of Property claimed for in detail	Amount Insured thereon in The New Hind Insurance Co., Ltd.	Market value at time of fire	Market value after fire	Amount claimed

10. *Letter acknowledging receipt of Claim.*

THE NEW HIND INSURANCE COMPANY, LIMITED

21, APOLLO STREET,
BOMBAY, 1.

11th August, 1945.

Meghji B. Jani, Esq.,
Proprietor,
The Pravin Stores,
27, Kalbadevi Road,
BOMBAY, 2.

Dear Sir,

We have received your letter of the 9th inst. together with the claim form filled in by you. The matter is receiving our immediate attention, and we shall let you know our decision after getting our surveyor's report.

Yours faithfully,
A. G. Menon,
Fire Manager.

11. *Letter enclosing cheque in Settlement.*

THE NEW HIND INSURANCE COMPANY, LIMITED

21, APOLLO STREET,
BOMBAY, 1.

16th August, 1945.

Meghji B. Jani, Esq.,
Proprietor,
The Pravin Stores,
27, Kalbadevi Road,
BOMBAY, 2.

Dear Sir,

In continuation of our letter of the 11th inst., we have to inform you that we have now received the surveyor's report which assesses the damage at Rs. 1,850.

We enclose our cheque for the amount, together with a voucher, and shall thank you to return it to us duly signed.

Encl: Cheque & Voucher.

Yours faithfully,
A. G. Menon,
Fire Manager.

12. *Fire Policy Form.*

THE
NEW INDIA ASSURANCE COMPANY, LIMITED.

INCORPORATED IN INDIA—ESTABLISHED 1919.

FIRE—LIFE—MARINE—ACCIDENT

CAPITAL	LONDON AGENTS
SUBSCRIBED Rs. 3,56,05,275	<i>Sedgwick Collins (Agencies) Ltd.</i>
PAID UP „ 71,21,055	16, Gracechurch Street, E. C. 3.

Head Office : Bombay.

POLICY NO..... SUM INSURED..... PREMIUM.....

This Policy of Insurance Witnesseth THAT UPON
hereinafter called the Assured paying to The New India Assurance Company,
Limited, hereinafter called the Company, the sum of
for Insuring Against Loss or Damage by Fire
or Lightning, as hereinafter mentioned, the property hereinafter described,
in the sum or several sums following, namely :—

The Company Hereby Agrees with the Assured (but subject to the conditions printed on the back hereof which are to be taken as part of this Policy, and to such other conditions as are herein expressed) that if the property above described, or any part thereof, shall be destroyed or damaged by Fire or Lightning, after payment of the Premium, at any time between the
day of 19 , and Four o'clock (Standard Time) in the afternoon of the day of 19 , or before Four o'clock (Standard Time) in the afternoon of the last day of any subsequent period in respect of which the Assured shall pay to the Company, and it shall accept the sum required for the renewal of this Policy, the Company will pay or make good all such loss or damage, to an amount not exceeding in respect of the matter or each of the matters above specified the sum set opposite thereto, and not exceeding in the whole the sum above mentioned.

In Witness Whereof, the undersigned being duly authorised by the Directors of the Company and on behalf of the Company has/have hereunto set his/their hand at this day of 19

Examined.....

Branch Manager

Entered.....

THE CONDITIONS AND STIPULATIONS REFERRED TO
IN THIS POLICY ARE AS FOLLOWS:—

1. If there be any material misdescription of any of the property hereby insured, or of any building or place in which such property is contained, or any misrepresentation as to any fact material to be known for estimating the risk, or any omission to state such fact, the Company shall not be liable upon this Policy so far as it relates to property affected by any such misdescription, misrepresentation or omission.

2. No payment in respect of any premium shall be deemed to be payment to the Company unless a printed form of receipt for the same signed by an Official or duly appointed Agent of the Company shall have been given to the Assured.

3. The Assured shall give notice to the Company of any insurance or insurances already effected, or which may subsequently be effected covering any of the property hereby insured and unless such notice be given and the particulars of such insurance or insurances be stated in or endorsed on this Policy by or on behalf of the Company before the occurrence of any loss or damage, all benefit under this Policy shall be forfeited.

4. All insurance under this Policy

- (1) on any building or part of any building,
- (2) on any property contained in any building,
- (3) on rent or other subject matter of insurance in respect of or in connection with any building or any property contained in any building shall cease immediately upon any fall or displacement
 - (a) of such building or of any part thereof,
 - (b) of the whole or any part of any range of buildings or of any structure of which such building forms part,

PROVIDED that such fall or displacement is of the whole or a substantial or important part of such building or impairs the usefulness of such building or any part thereof or leaves such building or any part thereof or any property contained therein subject to increased risk of fire or is otherwise material

AND PROVIDED that such fall or displacement is not caused by fire, loss or damage which is covered by this Policy or would be covered if such building or range of buildings or structure were insured under this Policy.

In any action, suit or other proceeding, the burden of proving that any fall or displacement is caused by fire as aforesaid shall be upon the Assured.

5. This insurance does not cover

- (a) Loss by theft during or after the occurrence of a fire.
- (b) Loss or damage to property occasioned by its own fermentation, natural heating or spontaneous combustion [except as may be provided in accordance with Condition 7(f)], or by its undergoing any heating or drying process.
- (c) Loss or damage occasioned by or through or in consequence of
 - (1) The burning of property by order of any public authority.
 - (2) Subterranean Fire.

6. This insurance does not cover any loss or damage which either in origin or extent is directly or indirectly, proximately or remotely, occasioned by or contributed to by any of the following occurrences, or which either in origin or extent directly or indirectly, proximately or remotely, arises out of or in connection with any of such occurrences, namely:—

- (1) Earthquake, volcanic eruption, typhoon, hurricane, tornado, cyclone, or other convulsion of nature or atmospheric disturbance.
- (2) War, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not), mutiny, riot, civil commotion, insurrection, rebellion, revolution, conspiracy, military or usurped power, martial law or state of siege, or any of the events or causes which determine the proclamation or maintenance of martial law or state of siege.

Any loss or damage happening during the existence of abnormal conditions (whether physical or otherwise), directly or indirectly, proximately or remotely, occasioned by or contributed to by or arising out of or in connection with any of the said occurrences shall be deemed to be loss or damage which is not covered by this insurance, except to the extent that the Assured shall prove that such loss or damage happened independently of the existence of such abnormal conditions.

In any action suit or other proceeding, where the Company alleges that by reason of the provisions of this condition any loss or damage is not covered by this insurance, the burden of proving that such loss or damage is covered shall be upon the Assured.

7. Unless otherwise expressly stated in the Policy this insurance does not cover

- (a) Goods held in trust or on commission.
- (b) Bullion or unset precious stones.
- (c) Any curiosity or work of art for an amount exceeding £ 20.
- (d) Manuscripts, plans, drawings, or designs, patterns, models or moulds.
- (e) Securities, obligations, or documents of any kind, stamps, coined or paper money, cheques, books of account or other business books.
- (f) Coal, against loss or damage occasioned by its own spontaneous combustion.
- (g) Explosives.
- (h) Any loss or damage occasioned by or through or in consequence of explosion; but loss or damage by explosion of gas used for illuminating or domestic purposes in a building in which gas is not generated and which does not form part of any gas works, will be deemed to be loss by fire within the meaning of this policy.
- (i) Any loss or damage occasioned by or through or in consequence of the burning whether accidental or otherwise, of forests, bush, prairie, pampas or jungle, and the clearing of lands by fire.

8. Under any of the following circumstances the insurance ceases to attach as regards the property affected unless the Assured, before the occurrence of any loss or damage, obtains the sanction of the Company signified by endorsement upon the Policy, by or on behalf of the Company:

- (a) If the trade or manufacture carried on be altered or if the nature of the occupation of or other circumstances affecting the building insured or containing the insured property be changed in such a way as to increase the risk of loss or damage by fire.
- (b) If the building insured or containing the insured property become unoccupied and so remain for a period of more than 30 days.
- (c) If property insured be removed to any building or place other than that in which it is herein stated to be insured.
- (d) If the interest in the property insured pass from the Assured otherwise than by will or operation of law.

9. This insurance does not cover any loss or damage to property which, at the time of the happening of such loss or damage, is insured by or would, but for the existence of this Policy, be insured by any Marine Policy or Policies except in respect of any excess beyond the amount which would have been payable under the Marine Policy or Policies had this insurance not been effected.

10. This insurance may be terminated at any time at the request of the Assured, in which case the Company will retain the customary short period rate for the time the policy has been in force. This insurance may also at any time be terminated at the option of the Company, or notice to that effect being given to the Assured, in which case the Company shall be liable to repay on

demand a ratable proportion of the premium for the unexpired term from the date of the cancellation.

11. On the happening of any loss or damage the Assured shall forthwith give notice thereof to the Company and shall within 15 days after the loss or damage or such further time as the Company may in writing allow in that behalf, deliver to the Company

- (a) a claim in writing for the loss and damage containing as particular an account as may be reasonably practicable of all the several articles or items of property damaged or destroyed, and of the amount of the loss or damage thereto respectively, having regard to their value at the time of the loss or damage, not including profit of any kind.
- (b) particulars of all other insurances, if any.

The Assured shall also at all times at his own expense produce, procure and give to the Company all such further particulars, plans, specifications, books, vouchers, invoices, duplicates or copies thereof, documents, proofs and information with respect to the claim and the origin and cause of the fire and the circumstances under which the loss or damage occurred, and any matter touching the liability or the amount of the liability of the Company as may be reasonably required by or on behalf of the Company together with a declaration on oath or in other legal form of the truth of the claim and of any matters connected therewith.

No claim under this Policy shall be payable unless the terms of this condition have been complied with.

12. On the happening of any loss or damage to any of the property insured by this Policy, the Company may

- (a) enter and take and keep possession of the building or premises where the loss or damage has happened.
- (b) take possession of or require to be delivered to it any property of the Assured in the building or on the premises at the time of the loss or damage.
- (c) keep possession of any such property and examine, sort, arrange, remove, or otherwise deal with the same.
- (d) sell any such property or dispose of the same for account of whom it may concern.

The powers conferred by this Condition shall be exercisable by the Company at any time until notice in writing is given by the Assured that he makes no claim under the Policy, or, if any claim is made, until such claim is finally determined or withdrawn, and the Company shall not by any act done in the exercise or purported exercise of its powers hereunder, incur any liability to the Assured or diminish its right to rely upon any of the conditions of this Policy in answer to any claim.

If the Assured or any person on his behalf shall not comply with the requirements of the Company or shall hinder or obstruct the Company in the exercise of its powers hereunder, all benefit under this Policy shall be forfeited.

The Assured shall not in any case be entitled to abandon any property to the Company whether taken possession of by the Company or not.

13. If the claim be in any respect fraudulent, or if any false declaration be made or used in support thereof, or if any fraudulent means or devices are used by the Assured or any one acting on his behalf to obtain any benefit under this Policy: or, if the loss or damage be occasioned by the wilful act, or with the connivance of the Assured: or, if the claim be made and rejected and an action or suit be not commenced within three months after such rejection, or (in case of an arbitration taking place in pursuance of the 18th condition of this policy) within three months after the arbitrator or arbitrators or umpire shall have made their award, all benefit under this Policy shall be forfeited.

14. The Company may at its option reinstate or replace the property damaged or destroyed or any part thereof, instead of paying the amount of the loss or damage, or may join with any other Company or Insurers in so

doing, but the Company shall not be bound to reinstate exactly or completely, but as circumstances permit and in reasonably sufficient manner, and in no case shall the Company be bound to expend more in reinstatement than it would have cost to reinstate such property as it was at the time of the occurrence of such loss or damage, nor more than the sum insured by the Company thereon.

If the Company so elect to reinstate or replace any property the Assured shall at his own expense, furnish the Company with such plans, specifications, measurements, quantities, and such other particulars as the Company may require, and no acts done, or caused to be done by the Company with a view to reinstatement or replacement shall be deemed an election by the Company to reinstate or replace.

If in any case the Company shall be unable to reinstate or repair the property hereby insured, because of any Municipal or other regulations in force affecting the alignment of streets, or the construction of buildings, or otherwise the Company shall, in every such case, only be liable to pay such sum as would be requisite to reinstate or repair such property if the same could lawfully be reinstated to its former condition.

15. The Assured shall, at the expense of the Company, do and concur in doing, and permit to be done, all such acts and things as may be necessary or reasonably required by the Company for the purpose of enforcing any rights and remedies, or of obtaining relief or indemnity from other parties to which the Company shall be or would become entitled or subrogated, upon its paying for or making good any loss or damage under this Policy, whether such acts and things shall be or become necessary or required before or after his indemnification by the Company.

16. If at the time of any loss or damage happening to any property hereby insured, there be any other subsisting insurance or insurances, whether effected by the Assured or by any other person or persons, covering the same property, this Company shall not be liable to pay or contribute more than its ratable proportion of such loss or damage.

17. If the property hereby insured shall, at the breaking out of any fire, be collectively of greater value than the sum insured thereon, then the Assured shall be considered as being his own insurer for the difference and shall bear a ratable proportion of the loss accordingly. Every item, if more than one, of the Policy shall be separately subject to this condition.

18. If any difference arises as to the amount of any loss or damage, such difference shall independently of all other questions be referred to the decision of an arbitrator to be appointed in writing by the parties in difference, or if they cannot agree upon a single arbitrator, to the decision of two disinterested persons as arbitrators, of whom one shall be appointed in writing by each of the parties within two calendar months after having been required so to do in writing by the other party. In case either party shall refuse or fail to appoint an arbitrator within two calendar months after receipt of notice in writing requiring an appointment, the other party shall be at liberty to appoint a sole arbitrator; and in case of disagreement between the arbitrators, the difference shall be referred to the decision of an umpire who shall have been appointed by them in writing before entering on the reference and who shall sit with the arbitrators and preside at their meetings. The death of any party shall not revoke or affect the authority or powers of the arbitrator, arbitrators, or umpire respectively: and in the event of the death of an arbitrator or umpire, another shall in each case be appointed in his stead by the party or arbitrators (as the case may be) by whom the arbitrator or umpire so dying was appointed. The costs of the reference and of the award shall be in the discretion of the arbitrator, arbitrators or umpire making the award. And it is hereby expressly stipulated and declared that it shall be a condition precedent to any right of action or suit upon this Policy that the award by such arbitrator, arbitrators or umpire of the amount of the loss or damage if disputed shall be first obtained.

CHAPTER XVIII

INSURANCE CORRESPONDENCE (Continued)

Marine Insurance

What is Marine Insurance?—It is a contract whereby, in consideration of the payment of a sum of money called the *premium*, the insurer undertakes to indemnify the insured, in the manner and to the extent specified in the contract, against marine losses, that is, losses incidental to sea voyage. The contract of insurance is embodied in an instrument called the *Marine Insurance Policy*. The person indemnified is called the *insured*, and the *insurer* is also known as the *underwriter*.

Place of Marine Insurance in Commerce.—Marine insurance is of very great importance in international trade. Both the shipper of the goods and the ship-owner run the risk of incurring losses on account of the perils of the sea to which their property is constantly exposed. They would not venture upon their business unless they were protected from such losses, and it is the aim of marine insurance to give them this protection. Nowadays transport by land and air also is covered by marine policies.

Marine insurance also helps traders to obtain financial assistance from bankers. For example, if a shipper applies to a banker for credit facilities and offers shipping documents as security, the banker will not ordinarily grant the request unless the documents offered are in respect of shipments which are insured. This is another reason why shippers insure their shipments.

Insurable Interest.—In marine insurance, as indeed in all other kinds of insurance, the insured must have an insurable interest in the property insured. A person is said to have an insurable interest in something when he is 'so situated with regard to that thing that he would benefit

from its existence and be prejudiced by its destruction or damage'. The following are examples of persons having insurable interest: (a) the ship-owner and the owner of cargo to the extent of the value of their interest; (b) the mortgagee to the extent of the sum due to him by the mortgagor; (c) the insurer to the extent of his liability.

It is not necessary that in every case the insured must have an insurable interest at the time when insurance is effected. It is sufficient if he acquires such interest during the currency of the policy, because he must have insurable interest at the time of loss.

Losses.—Marine losses are of two kinds: *Total* and *Partial*. A Total loss may be *Actual* or *Constructive*; Partial losses comprise *Particular Average* and *General Average*.

An *Actual Total Loss* occurs when the subject matter insured is wholly destroyed or is so damaged that it ceases to be the thing insured. Examples of such a loss are: (1) when a vessel after leaving a port disappears completely; (2) when hides are so damaged by sea water that they become valueless as hides.

A *Constructive Total Loss* occurs when the subject matter is reasonably abandoned because its total loss appears unavoidable, or when it is so damaged that the cost of repairs would exceed the value it might have after it has been repaired. In every case of constructive total loss the insured must give the insurer notice of abandonment. If this is not done the loss will be considered as *partial*, unless the notice is waived by the insurer. An *abandonment* is the surrendering to the insurer of the interest of the insured in whatever remains of the subject matter of insurance, and at the same time claiming from the insurer a total loss.

Average. The word is used in a special sense in marine insurance, where it signifies loss or damage. '*Average*' is of two kinds, *General* and *Particular*.

General Average. When in order to avert a danger threatening a ship or its cargo, extraordinary sacrifice or

expenditure is voluntarily and reasonably made, e.g., by throwing cargo overboard to prevent the ship from foundering, the owner of the ship, the owners of the cargo, and the persons entitled to freight—all these make a contribution to make good the loss incurred for the benefit of all. The contribution made by each is in proportion to the value of his interest in the ship, freight, or cargo. Such a contribution is called *General Average* contribution.

Particular Average. When, however, the loss or damage suffered affects a particular interest, e.g., accidental damage to the goods by sea-water or fire, or to the ship by collision, the loss must be borne by the party concerned, and is called *Particular Average*. Some of the important clauses mentioned in marine insurance policies are: Free of Average (F.A.); Free of All Average (F.A.A.); Free of Particular Average (F.P.A.). Free of Average and Free of All Average exempt the insurer from liability of both Particular Average and General Average. Free of Particular Average exempts the insurer from liability for only Particular Average. *Foreign General Average* (F.G.A.) refers to a clause in marine insurance whereby the insurer in paying a General Average loss agrees to be bound by the calculation of the loss according to foreign law.

Kinds of Marine Policies.—The principal kinds of marine policies are as follows:—

Voyage Policy. By this, the goods are insured for a particular voyage, say from Madras to London.

Time Policy. This insures goods for a specified period, e.g., 'from noon, 1st January, 1941, to noon, 1st January, 1942'. Policies of this kind are generally taken out for the insurance of the hulls of ships.

Mixed Policy. This covers the risk for a specified voyage and for a stated period.

Valued Policy. This states the value of the goods which is agreed to by the insured and the insurer. This value need not necessarily be the actual value of the goods insured.

Unvalued Policy. In this, the value of the goods is not stated, but is left to be proved after the loss has occurred, subject, of course, to the limit of the sum assured.

Floating or Declaration Policy. When a merchant makes frequent shipments of one and the same type of cargo and does not wish to take out a separate policy for each consignment, he takes out a Floating or Declaration Policy for a round sum representing approximately the total value of his consignments during a certain period, say three or six months. The premium is generally collected in advance for the full amount. As each shipment is made, its nature and other relevant particulars are declared, and the amount of declaration written off the policy. When the total amount of declarations becomes equal to the face value of the policy, the insured may take out a new policy. Forms known as Declaration Forms are supplied to the insured, on which he enters particulars of each shipment.

Open Policy. This is a kind of undertaking to insure a certain class or classes of goods to be shipped to specified destinations during a period of time, usually twelve months, the amount of the policy being the maximum acceptable to the company on each steamer, and being not exhausted by declarations. A separate Certificate is issued in respect of each shipment and the premium collected against each certificate. The Open Policy sets out the conditions of insurance and the rates for different commodities and ports, and usually has a Valuation Clause, whereby the goods are valued for insurance purposes on a certain agreed basis which usually represents invoice cost, and freight, plus a certain percentage, so that in the event of a claim prior to declaration, the amount may not be a subject of dispute.

It is a condition of both the Declaration and the Open Policies that the insured shall declare to the company each consignment insured thereunder.

Lloyd's and Marine Insurance Companies.—Marine insurance business is transacted mainly by (a) Lloyd's Underwriters, and (b) Marine Insurance Companies.

Lloyd's is the name of an association of underwriters in London, engaged principally in the business of insuring ships and their cargoes. Lloyd's, i.e., the Corporation of Lloyd's, does not transact business as a Corporation. Insurance is transacted by and with the members of Lloyd's, i.e., each member acts as an insurer.

Marine insurance companies are usually joint stock companies. In England some of these specialize in marine insurance, while others combine it with other classes of insurance. In India almost all the joint stock companies undertaking marine insurance effect other kinds of insurance as well.

If marine insurance is to be effected with any of the joint stock companies it is not always necessary to do so through the medium of a broker, but all insurance business at Lloyd's has got to be transacted through a broker.

How Marine Insurance is effected.—In England, where marine insurance is almost invariably placed through brokers, a business man wishing to effect insurance approaches a broker doing marine insurance business, and gives him particulars of the risk to be covered, e.g., of the cargo, voyage, time, etc. The broker prepares a 'slip' or memorandum setting out this information, and submits it to an underwriter, who quotes a premium. If this is acceptable, the underwriter enters the rate on the slip and initials it, which signifies that he has accepted the risk. His liability commences as soon as he initials the slip. He then sends a Debit Note for the premium to the broker, who, though an agent of the underwriter, is responsible by trade usage for the payment of the premium by the insured. In due course, a policy is prepared embodying the terms and conditions of the contract and sent to the insured. In India,

however, insurance is often placed direct by the insured with the insurance company. Even when a broker is employed, a slip is seldom used. The company issues the policy immediately the risk is accepted and the rate agreed to. Sometimes a cover note is issued to the insured, pending the preparation of the policy. In cases where a broker is employed, although he is legally responsible for the payment of the premium, it is common for the company to submit the debit note for the premium to the insured and to negotiate direct with him for its collection.

Assignment of Marine Policies.—Marine policies on cargo are freely assignable. To assign such a policy the assignor has merely to sign his name on the back, as in the case of a cheque. A policy taken out on the hull of a ship cannot, however, be assigned without obtaining from the underwriter written permission to do so. The endorsement, signifying assignment, on hull policies, is generally more detailed, e.g., 'the interest herein is transferred to(Signature).....(Date)'.

Settlement of Claims.—In the case of any loss of or damage to the goods detected at the destination, the claimant is required to notify it to the Company's Surveyor mentioned in the policy. After the Survey has been completed the relevant papers are submitted to the Settling Agent, who is also named in the policy. This may be either the Company's own Branch Office or an Agent appointed for the purpose. A Company doing world-wide business usually has Settling Agents in all the important ports of the World, with power to settle claims and draw on the Company under a Letter of Credit established through a Bank. The documents normally required in connection with the settlement of a claim are the original Policy, a copy of the Invoice, the Survey Report, and, if possible, a copy of the Bill of Lading. As a Marine Insurance Policy is a negotiable document, a claim can be settled only on production of the original policy, but in case this is lost and cannot be produced, the claimant is required to give a Letter of Indemnity. Where there is any

prospect of recovery of the claim in part or whole from the Carrier or any other party, the Company will obtain a Letter of Subrogation from the claimant, whereby the Company acquires all the claimant's rights and remedies against that party, and the claimant undertakes to produce such documents and take such steps (at the expense of the company) as may reasonably be required of him for enforcing such rights.

1. *Letter asking for a Marine Policy.*

MULCHAND AND COMPANY.

27, M. J. MARKET,
BOMBAY, 2.
3rd April, 1929.

The New Insurance Co., Ltd.,
Sir Phirozshah Mehta Road,
BOMBAY, 1.

Dear Sirs,

We shall be obliged if you will issue in our name an F.P.A. policy including War and Riot risk, in triplicate, to cover our shipment of piecegoods of the value of Rs. 30,000 from Bombay to Karachi per s.s. "Englistan", leaving Bombay shortly, making the claim, if any, payable at Karachi.

Please issue, as usual, a temporary cover pending the preparation of the policy.

Yours faithfully,
Mulchand & Co

2. *Letter from the company enclosing a Cover Note pending the preparation of the Policy.*

THE NEW INSURANCE COMPANY, LIMITED

SIR P. M. ROAD,
BOMBAY, 1.

4th April, 1929.

Messrs. Mulchand & Co.,
27, Mulji Jetha Market,
BOMBAY, 2.

Dear Sirs,

We thank you for your letter dated the 3rd April, and enclose our Temporary Cover Note for your shipment of piecegoods per s.s. "Englistan" leaving Bombay for Karachi.

Please let us know the number of bales, with shipping marks, when we shall prepare and forward you the policy.

Yours faithfully,

B. T. Hill,
General Manager.

Encl: Temporary Cover Note

3. *Cover Note.*

No. 7200

Marine Department.

THE NEW INSURANCE COMPANY, LIMITED

SIR P. M. ROAD,
BOMBAY, 1.

4th April, 1929.

Messrs. Mulchand & Co.,
27, Mulji Jetha Market,
BOMBAY, 2.

As requested, you are hereby held covered, subject to the usual conditions of the Company's Policy, to the extent of Rs. 30,000 (Rupees thirty thousand) only.

On *piecegoods*.

Per *s.s.* "*Englistan*".

From *Bombay* to *Karachi*.

Warranted *F.P.A., War and S.R.C.C.**

Rate $1\frac{1}{2}$ annas % -1 *Surcharge, War and SRCC rate current on the date of sailing.*

B. T. Hill,
General Manager.

This acceptance is good for 24 hours after departure of the vessel from Bombay harbour.

4. *Letter asking for the issue of a Floating Marine Policy.*

MULCHAND AND COMPANY.

27, M. J. MARKET,
BOMBAY, 2.

12th March 1945.

The New Insurance Co., Ltd.,
Sir Phirozshah Mehta Road,
BOMBAY, 1.

Dear Sirs,

Please issue in our name a Floating Policy for Rs. 50,000 covering All Risks including Leakage and Riot on our consignments of vegetable oil in tins to be railed from Bombay to any place in India. The policy should cover the risk from 15th March, 1945, to 14th March, 1946.

Yours faithfully,
Mulchand & Co.

5. *Letter enclosing a Floating Policy.*

THE NEW INSURANCE COMPANY, LIMITED

SIR P. M. ROAD,
BOMBAY, 1.
14th March, 1945.

Messrs. Mulchand & Co.,
27, Mulji Jetha Market,
BOMBAY, 2.

Dear Sirs,

We thank you for your letter of the 12th inst., asking us to issue a Floating Policy for Rs. 50,000 on your consignments of vegetable oil.

As desired, we enclose policy No. M. 2356, together with our Debit Note for Rs. 1251, being the amount of the premium at $2\frac{1}{2}$ per cent and the stamp duty of Re. 1.

Please declare each shipment as and when made, giving particulars of the number of tins, destination, value, and the number and date of the R/R.

Yours faithfully,
B. T. Hill,
General Manager.

Encl: Policy.

6. *Letter intimating the Declaration off a Marine Policy.*

MULCHAND AND COMPANY.

27, M. J. MARKET.
BOMBAY, 2.
20th March, 1945.

The New Insurance Co., Ltd.,
Sir Phirozshah Mehta Road,
BOMBAY, 1.

Dear Sirs,

Please declare the following goods off our Floating Policy No. *M.2356*:

From *Bombay*,

To *Patna*.

Name of Steamer *By Rail*.

Bill of Lading No. *R.R.No.B/14-48342* dated *19th March 1945*.

Number of Packages *150 Tins of vegetable oil.*

Marks.

A. B. & Co. 1/6

Amount declared Rs. 4,550.

Yours faithfully,
Mulchand & Co.

7. *Certificate of Declaration.*

No. 2155.

THE NEW INSURANCE COMPANY, LIMITED

SIR P. M. ROAD,
BOMBAY, I.
20th March, 1945.

Certificate of Declaration Under Stamped Policy.

We hereby certify that *Messrs. Mulchand & Co., Bombay* have this day made a Declaration to the extent of Rs. 4550 (in words) Rupees *Four thousand five hundred and fifty* under Policy No. *M 2356* dated *14th March, 1945* issued by this Company and are held insured under the said policy. Marks as under or as per bill of lading. To pay average as Customary.

105 Tins of vegetable oil (R. R. No. 3/14—48342 of 19th March, 1945.

Per S. S. _____ Rail _____
from *Bombay* _____ to *Patna* _____

In case of damage Certificate of
Survey to be obtained from

*The Companies Branch Manager,
9 Main Street,
Patna.*

for The New Insurance Co., Ltd.
B. T. Hill,
General Manager.

8. *Letter from insurance company stating that a Floating Policy is fully declared.*

THE NEW INSURANCE COMPANY, LIMITED

SIR P. M. ROAD,
BOMBAY, 1.

2nd January, 1946.

Messrs. Mulchand & Co.,
27, Mulji Jetha Market,
BOMBAY, 2.

Dear Sirs,

Re Floating Policy No. M2356.

Please note that by your last declaration dated the 25th December, 1945, the above policy now stands fully declared.

We shall be glad to hear from you whether you wish us to issue a fresh Floating Policy in your name on the same terms and conditions as those of the last policy.

Assuring you of our best services at all times,

We are,
Yours faithfully,
B. T. Hill,
General Manager.

9. *Letter making a Claim under Marine Policy.***NEMANI AND COMPANY.**

25, CHOWRANGI,
CALCUTTA.

23rd August, 1944.

The National General Insurance Co., Ltd.,
Royal Exchange Building,
Sham Bazar,
CALCUTTA.

Dear Sirs, .

Claim under Policy No. M20135.

We regret to bring to your notice that out of 500 barrels of D.D.T. powder insured under the above policy, per s.s. "Kutsong", from Bombay to Calcutta, and delivered to us on the 21st inst., 34 barrels were found to be in a damaged condition. According to the terms of the policy we got the damage surveyed by Mr. B. L. Smith, your authorized surveyor, and attach his report herewith. We are, therefore, obliged to base our claim as under:—

Value of 30 barrels found broken and contents partially lost.	Rs.	as.	p.
	150	0	0
Value of 4 barrels damaged by sea water and contents made useless	400	0	0
Surveyor's fee.	25	0	0
Total	Rs. 575	0	0

We are also enclosing the original policy and the supplier's invoice, and shall thank you to send us your cheque in settlement of the claim.

Yours faithfully,
Nemani & Co.

Enclos.

1. Surveyor's Report.
2. Insurance Policy No. M.20135.
3. Supplier's Invoice.

*10. Letter settling the Claim.***THE NATIONAL GENERAL INSURANCE Co., Ltd.**

R. E. BUILDING,
SHAM BAZAR,
CALCUTTA.

27th August, 1944.

Messrs. Nemani & Co.,
25, Chowrangi,
CALCUTTA.

Dear Sirs,

We are in receipt of your letter dated the 23rd inst. containing your claim for Rs. 575/- (Rupees five hundred and seventy five only) together with the Surveyor's Report, the Insurance Policy and the Suppliers' Invoice.

Your claim has been accepted, and we enclose a cheque No. ^M_B 2345 dated the 27th August, 1944, on the Imperial Bank of India, in full settlement of your claim. ^

Please return the enclosed claim voucher duly discharged.

Enc: 1 Claim Voucher.
2 Cheques.

Yours faithfully,
K. S. Kishori,
General Manager.

11. *Letter making a Claim under a Marine Policy.***G. M. MOHAMADALLY & SONS**

9, Hornby Road,

BOMBAY.

29th November, 1946.

The New Insurance Co., Ltd.,
BOMBAY.

Dear Sirs,

Re Claim under Policy No. 81654

We regret to inform you that out of the 6 cases containing 6 Lathe Mills shipped per s.s. "Empire Nile" and insured under your above policy, only 5 cases have been delivered to us by the Steamer Company, and enquiries show that the sixth case has not been landed in Bombay and cannot be traced. Of the 5 cases received in our godown, one case was in a damaged condition and on opening it we found that many of the important parts of the machinery were broken. This Lathe Mill is, therefore, useless to us, and we have to ask you to pay us the insured value of this machine and of the one which has not been delivered to us. The damaged Lathe Mill is available for inspection by your representative at our godown adjoining our office premises.

Yours faithfully,

G. M. Mohamadally & Sons.

12. *Letter from the Insurance Company contesting the Claim.*

THE NEW INSURANCE COMPANY, LIMITED

SIR P. M. ROAD,
BOMBAY, 1.

2nd December, 1946.

Messrs. G. M. Mohamadally & Sons,
BOMBAY, 1.

Dear Sirs,

Re Claim under Policy No. 81654

We are in receipt of your letter dated the 29th ultimo intimating a claim under the above policy.

We regret we are unable to accept your claim for the full insurance value of the Lathe Mill received by you in a damaged condition. When our surveyor came round to your godown for inspection he pointed out to you that the majority of the parts which were damaged could be repaired and the others replaced. We have to invite your attention to the following replacement clause which appears in your policy:

In the event of Claim for loss or damage recoverable hereunder, the Company only to pay the cost of repairing or, if necessary, replacing the damaged part or parts, but such cost in no case to exceed the insured value of the parts so damaged.

We are willing, therefore, to pay the cost of the repairs and replacements, and if you will kindly agree, we will entrust the work to a firm of Engineers.

Regarding your claim for non-delivery of one case containing a Lathe Mill, we have to point out that our policy is on W.A. terms, including breakage, and does not cover the risk of theft, pilferage or non-delivery. We suggest that you present your claim in this connection to the Steamship Company, which is responsible for delivery of the full number of cases shipped by them.

Yours faithfully,
B. T. Hill,
General Manager.

CHAPTER XIX

BANK CORRESPONDENCE

General.—A bank is an institution whose main business is receiving deposits from the public and granting loans to them in such a manner as to make a profit for itself. With the passage of time and growing competition banks have begun to take upon themselves a number of functions other than those mentioned above. Before studying the different types of letters relating to the business of banking it would be appropriate to consider the principal functions of a modern commercial bank.

Functions of a Bank.—The principal functions of a bank are as follows:

1. To receive deposits of money.
2. To grant loans.
3. To discount bills of exchange.
4. To act as agent for its customers.
5. To act as referee as to the standing of its customers, and to obtain for them information regarding the credit of other traders.
6. To take charge of valuables for safe custody.
7. To issue various kinds of Letters of Credit and Bankers' Drafts.

(1) The money deposited by a customer with a bank may be in the form of (a) *Current Account*, (b) *Fixed Deposit Account*, or (c) *Savings Bank Account*.

Current Account.—The usual practice of banks is to open such an account on payment by a customer of a certain amount, usually not less than Rs. 500/-. After the bank has credited the money to the account of the customer, it gives him a pass-book in which the amount deposited is shown credited to his account. The customer is then entitled to

pay money into his account any time during business hours on working days by filling in a paying-in slip and presenting it at the counter. He may, similarly, send the bank cheques, bills of exchange, or promissory notes, so that they may be collected, and the amount so realized credited to his account. He is also entitled to withdraw sums of money from the bank, not only every day, but as many times a day as he likes, by cheques. By this means he can transfer money to another person in his own town or in any other part of the country. The pass-book is sent to and written up by the bank at intervals and returned to the customer, so that he can check the correctness of the entries made therein and get them corrected, if necessary.

Fixed Deposit Account.—When a person opens a Fixed Deposit Account with a bank, he enters into an undertaking with it that he will not withdraw the money deposited for a specified period, which may be three, six, nine or more months. Such deposits entitle the depositor to a higher rate of interest than those in the Current Account, or in the Savings Bank Account. When a person wants to keep his money on Fixed Deposit, he first obtains from a bank information about the rate of interest at which the bank is prepared to open an account for him. If the rate of interest is agreeable to him, he has to fill in a prescribed form, mentioning his name, the amount he wishes to deposit, the rate of interest allowed, and the period for which he agrees to keep the money with the bank. He has also to furnish the bank with a specimen of his signature. He is then given a receipt, known as the Fixed Deposit Receipt, in which the above particulars are entered. After the completion of the stated period, the depositor is paid back his money with interest, on his surrendering the receipt to the bank. The rate of interest allowed on a twelve months' Fixed Deposit by Indian Banks ranges from $1\frac{1}{2}$ to 4 per cent.

Savings Bank Account.—Persons who have opened a Savings Account in a bank can withdraw money only once (in some banks twice) a week. Interest is allowed on the minimum monthly balance, usually from the 4th till the

end of the month. The rate of interest allowed is lower than on money deposited in Fixed Deposit Account. On opening such an account, the depositor is given a pass-book in which all his deposits and withdrawals are entered. To withdraw money he has to fill in a withdrawal form and present it to the bank with the pass-book, so that the amount given to him may be debited to his account in the pass-book. Some banks allow depositors to operate their accounts by cheques.

(2) Banks lend money at interest to customers in the following ways:—

(a) By granting their customers overdraft facilities, i.e., by allowing them to overdraw their current accounts up to an extent agreed upon. In this case, interest is charged on the daily debit balance. The rate of interest charged on this type of loan is usually higher than that charged on a fixed loan.

(b) By opening loan accounts for their customers. Under this method, a definite amount is advanced to the customer by debiting it to his loan account and crediting the loan to his current account. If a customer takes a loan of this kind, he will have to pay interest on the full amount advanced and not on the amount utilized. If, on the other hand, he is given overdraft facilities, he has to pay interest on the amount of loan he has actually utilized, and not on the whole amount of the loan-limit. Any remittances received by him in the course of his business and paid into his account will reduce his debt.

Security for Loans.—A bank will not ordinarily grant a customer an advance, unless he deposits with it approved securities as cover for the loan. In the event of default by the borrower, the bank, having a lien on the securities, can sell them off and recover the amount advanced. Banks also advance money to their customers against the security of a guarantee given by one or more persons of good standing. In the event of default by the customer, the *guarantor* must pay on demand the amount due to the

bank. Not infrequently banks advance money to their customers solely on the strength of their commercial standing and solvency. Such loans are said to be granted on *personal security*.

Stocks and shares are regarded by banks as a good form of security, as they are handy and easily convertible into cash, in case of need. Land is another form of security. When an advance is required only for a short period, a bank will sometimes grant it merely on the security of title deeds to land; when, however, a long-term advance has to be made, a bank will prefer to do so only when the land is legally mortgaged to it. Documents of title to goods, e.g. Bills of Lading, too, are often accepted as security against a loan. But they are not a satisfactory form of protection because the value of most kinds of goods is subject to fluctuations, and also because there is always the possibility that the statements made in the documents regarding the value of the goods may not be accurate. When such documents are accepted as security, the customer is asked to give to the bank a *Letter of Hypothecation* whereby he acknowledges the bank's right to dispose of them upon default in repayment of the loan. Life Policies are also accepted by banks as security against an advance. But in that case, the amount of loan will be less than the surrender value of the policies.

(3) The discounting of Bills of Exchange is another function of a bank. When the holder of a bill of exchange is in need of money and is unable to wait till it matures, he may endorse it to a bank and receive from it in return the present worth of the bill. This process is called "discounting". For example, a bill of Rs. 2,000/- may be due on the 10th October, but its holder may endorse it to a bank for Rs. 1,990/- on the 10th September. He is then said to have discounted the bill by paying a discount of Rs. 10/- on it.

(4) Banks also act as Agents for their customers and

- (a) the collection of cheques, bills of exchange, dividend-warrants, hundis, etc.

- (b) the payment of insurance premiums, subscriptions, etc.;
- (c) the transmission of money; and
- (d) the purchase and sale of stock exchange securities.

(5) Banks render another important service to their customers by acting as referees as to their standing and respectability, and thus acting as a means of enhancing their credit. Ordinarily, it is the duty of banks to preserve secrecy concerning the affairs of their customers. The practice amongst banks of exchanging general information about the standing of their customers is, however, so well established, that all those who open an account with them are deemed to have tacitly agreed to it. Nevertheless, a bank will always avoid giving any information which may unjustifiably injure its customer's credit. Its replies to enquiries of this nature will be in the shape of guarded, general statements which do not specify the actual balance in the customer's account. Moreover, a bank will never give any such information except to one of its own customers, or to another bank.

(6) Receiving of valuables for safe custody is another important function of a bank. Most of the modern banks are equipped with safes and strong-rooms, and are, therefore, very safe and convenient repositories of valuables. In accepting articles for safe custody the banker's position is that of a bailee, i.e., a person to whom goods are delivered, in trust, and who is responsible for the custody and safe return of the articles deposited. Whether he renders this service free of charge or for a reward, "he is bound to take the same care of the property entrusted to him as a reasonably prudent and careful man may fairly be expected to take of his own property of the like description".

(7) **Issuing of Letters of Credit.** A Letter of Credit is a document issued by a banker authorizing the bearer, on producing evidence of identity, to obtain money up to the amount stated in it from another banker, on the credit of the grantor of such a letter. Particulars of all drafts or

cheques drawn by the bearer must be entered on the back of the Letter of Credit, so that at any given moment it is easy to find out how much of the credit placed at his disposal has been utilized. The banker who honours the drafts or cheques drawn against the Letter of Credit will charge the total amount to the banker issuing the Letter of Credit.

It may be noted that a Letter of Credit authorizes the banker to whom it is addressed to draw bills according to its terms on the banker issuing it, and includes a promise by the issuing banker to accept bills so drawn up to the limit of the credit. When the promise to accept such bills is conditional on the attachment of documents of title to goods, such as the invoice, bill of lading, etc., it is called a *documentary* Letter of Credit. When the promise is unconditional or without reference to the attachment of documents of title to goods, it is called a *Clean* or *Open* Letter of Credit.

In addition to the above types of Letters of Credit, bankers also issue what are known as Circular Letters of Credit. A Circular Letter of Credit differs from an ordinary Letter of Credit in that the latter is addressed to one banker, whereas the former is addressed to more bankers than one, each of whom has to endorse on it the amount he has paid. Such Circular Letters of Credit prove very useful to travellers in foreign countries, for they enable them to avoid the risk of carrying large sums of money with them.

Circular Letters of Credit are of two kinds: Travellers' Letters of Credit, and Guarantee Letters of Credit. A Travellers' Letter of Credit is in the form of a request by the issuing banker to his agents and correspondents abroad to honour the beneficiary's drafts on the issuing banker, and undertakes to meet such drafts when negotiated by the paying banker. To obtain a Letter of Credit of this kind, customers usually pay cash or have their current account debited with the amount, together with a small commission. In the case of Guarantee Letters of Credit, the issuing banker is not usually paid the amount in cash, but claims reimbursement of drafts as and when they are presented.

While issuing such a letter, the banker obtains a guarantee that reimbursements will be made on demand at the agreed rate of interest; or he may require sufficient security for the grant of the credit. Such Letters of Credit are always accompanied by a Letter of Indication containing the holder's specimen signature, which has to be produced each time he desires to cash a draft. The holder signs the drafts in the presence of the paying banker. The person holding the Letter of Credit is warned by a note at its foot to keep the Letter of Indication apart from the Letter of Credit. The object of the Letter of Indication is to enable the banker to know the identity of the customer, and thus to prevent encashment of the Letter by forgery and false impersonation.

Bankers' Drafts.—Banks also issue bills known as Bankers' Drafts. A banker's draft which is addressed by one banker to another banker, or by one branch of a bank to another branch or to the Head Office, or *vice versa*, is an order asking the drawee to pay a specified sum to a specified payee or his order. When the drawer and the drawee of such a draft are in different countries, Bankers' drafts are more or less similar to Letters of Credit, the only difference between them being that while the full amount of the banker's draft has to be paid on presentation, a Letter of Credit allows the holder to draw sums of money periodically up to the extent of the credit.

Characteristics of Bank Correspondence.—A Bank is judged by its financial stability, and the efficiency with which it carries out its various functions. As some of these are accomplished by means of letters, the technique of writing them deserves careful consideration. It will not be out of place, therefore, to state here that the essential elements of successful bank correspondence are **brevity, accuracy, clearness, secrecy, courtesy and tact.** The reader will note that we have already discussed the importance of some of these elements in relation to general commercial correspondence. We shall now consider their application to bank correspondence.

Brevity.—A letter sent out by a bank should be as brief as possible, provided its brevity does not make it unintelligible or ambiguous. Most of the customers of a bank are business men and other busy persons who want to get at the message of the letters they receive, quickly. A lengthy, verbose letter is sure to irritate them.

Accuracy.—This is of special importance in bank correspondence, which has to refer to figures, dates, names of parties, etc. A small mistake regarding any of these details is likely to result in serious consequences to the bank. The bank correspondent should, therefore, check up the accuracy of the contents of all the letters he has written before they are allowed to leave the bank. Special care should be taken in drafting letters which mention the amount standing to the credit of a customer, because a mistake in this respect may encourage an unscrupulous customer to take advantage of it to the detriment of the bank.

Clearness.—Every letter should be so clear that any one can understand its meaning. To ensure this the correspondent should use such language as is best suited to the person addressed. For example, he may be justified in using technical banking terms in a letter written to a banker. But the use of these would be inappropriate in a letter to a person not familiar with special banking technicalities. The language used in a letter to a customer about whose experience little is known should be such as would be intelligible to a person of average intelligence and education.

Secrecy.—As has already been pointed out, a bank is expected to maintain secrecy about the accounts and other affairs of its customers. Bankers receive enquiries about the standing of their customers from fellow-bankers as well as from others. If the enquiry is made by a person who is not a customer of the bank, he should politely be informed that he should send his enquiry through his banker, as it is not the practice of banks to reply to such enquiries made by outsiders. In answering enquiries from other bankers or from his own customers, a banker should exer-

cise great care. His replies should be brief and to the point, and they should not indicate the balance to the credit of the customer, nor should they contain any statement likely to injure his credit.

Courtesy and Tact.—A banker has numerous occasions to exercise these virtues. He has especially to do so while drawing the attention of his customers to their overdrawn accounts, while replying to their complaints, and while expressing his inability to grant their requests.

A letter pointing out that a customer has overdrawn his account may be firm, but it should on no account be rude and sharp. Similarly, a letter informing a customer that the bank is unable to grant him a loan or overdraft facilities should be written in a conciliatory tone. In such a case, the customer may be informed very courteously that although the bank is unable to grant him his request as it stands, it will be prepared to grant him credit for a smaller amount against the securities he has offered, or to grant him credit for the amount asked for in case he offers additional securities. Such a letter is likely to blunt the edge of his disappointment, which would, indeed, be keen if his request were turned down altogether.

Classification of Bank Correspondence.—Bank correspondence can be classified as under:—

- (a) Letters between a bank and its customers.
- (b) Letters from the Head Office of a bank to its branches.
- (c) Letters from the branches to the Head Office.
- (d) Letters from one bank to another.

It may be noted that any of the above-mentioned types of letters may be (i) Individual Letters or (ii) Form Letters. We give below a few hints regarding the drafting of each of the types of letters mentioned above.

(a) **Letters between a bank and its customers.**—These comprise (i) letters from the bank to its customers and (ii) letters from customers to the bank.

(i) Letters from a bank to its customers include replies to enquiries and complaints, and to requests

repay the amount. He also gives his opinion on the statements made by the applicant in the Application Form. Finally, he states whether he is in favour of or against the granting of the loan.

(d) **Letters from one bank to another.**—These relate to status enquiries, negotiation of bills of exchange, granting of letters of credit, etc., and to matters which are of common interest to banks. The use of technical terms current in the business of banking is permissible, and often desirable, in such letters.

Form and Individual Letters.—Bank correspondence can also be divided into Form Letters and Individual Letters. "Form Letters" are printed letters containing blank spaces to be filled in by the correspondent. These are used for conveying the same stereotyped information to a large number of customers. "Individual Letters" are ones specially drafted to suit the individual addressed. In composing these, the banker will have good scope for the use of his imagination, discretion and intelligence. For instance, his letter to a customer of long standing, with whom a relationship of a somewhat personal character has been established, will not be unduly formal. On the other hand, he will not adopt a familiar tone in a letter to a comparative stranger.

1. *Form Letter asking for the opening of a Current Account.***NEW ERA BANK, LIMITED**

For Private Individuals.

CURRENT ACCOUNTHORNBY ROAD,
BOMBAY, 1.

Dated.....

Account No.——

The Manager,
New Era Bank, 1
BOMBAY.

Dear Sir,

I/We request you to open a Current Account in your
books in the undernoted name(s):—

Name(s) in full _____

Occupation _____

Address _____

Introduced by _____

Occupation _____

Address _____

Proposed minimum balance _____

I/We agree to comply with the rules of the Bank governing Current Accounts.

Be good enough to furnish me/us with a book of 100
cheque forms, a paying-in-slip book and a pass-book.

Yours faithfully,

Account opened and signature(s) 1.....

verified by me,

2.....

Agent/Accountant.

4. *Form letter from a Bank informing a Customer that his Account has been Credited or Debited.*

THE PUNJAB NATIONAL BANK, Ltd.

194

IMPORTANT

Please Mark Your Reply

To

The Manager presents his compliments and begs to
advise that your _____ Account has been credited with
Rs.. _____ debited

on account of _____

Clerk's Initials.

5. *Letter to a Customer advising Payment to his Credit.*

THE INDIAN NATIONAL BANK, LIMITED

59, HORNBY ROAD,
BOMBAY, 1.

18th March, 1945.

Messrs. H. S. Rathod & Co.,
60, Forbes Street,
BOMBAY.

Dear Sirs,

This is just to inform you that we have this day received the sum of Rs. 5,000/- (Five thousand only) from Messrs. Columbawala & Co. for your credit. The said amount has been placed to the credit of your Current Account No: 1.

Yours faithfully,
For The Indian National Bank, Ltd.,
J. C. Jhaveri,
Manager.

6. *Letter informing a Customer that his Current Account is Overdrawn.*

THE BOMBAY NATIONAL BANK, LIMITED

39, HORNBY ROAD,
BOMBAY, I.

13th June, 1944.

Messrs. K. C. Verma & Co.,
Vincent Square,
BOMBAY, 7.

Dear Sirs,

We beg to inform you that after cashing your cheque No. P.Q.56789, dated 18th May, for Rs. 565/-, your Current Account stands overdrawn by Rs. 54/-. We shall be obliged if you will arrange to pay this amount into your account at your earliest convenience, as our rules do not allow of overdrafts without previous arrangements.

Yours faithfully,
B. A. Cook,
Manager.

11. *Letter requesting a Bank to issue a Sterling Draft.*

DEAN'S HOTEL,
PESHAWAR.

7th September, 1930.

The Agent,
Imperial Bank of India,
Peshawar Cantt.

Dear Sir,

I shall be obliged if you will supply me with a sterling draft for £10-6-8 (Ten pounds, six shillings and eight pence) in favour of Messrs. Freeman and Peabody, Ltd., London.

Please debit the equivalent amount in rupee currency to my current account, applying the minimum rate of exchange.

Yours faithfully,
Henry Smart.

12. *The Bank's reply to Letter No. 11.*

THE IMPERIAL BANK OF INDIA

PESHAWAR CANTT.

8th September, 1930.

Henry Smart, Esq.,
Dean's Hotel,
Peshawar.

Dear Sir,

With reference to your letter of the 7th inst., we beg to enclose the sterling draft for £10-6-8 you require and have debited your account with Rs. 139-8-0 at 1s. 5³¹/₃₂ d. Please acknowledge receipt.

Yours truly,
W. Riley,
Agent.

13. *Letter instructing the Bank to purchase Securities.*

POCHA AND SONS

STATION ROAD,
POONA.

13th May, 1945.

The Bombay National Bank, Ltd.,
90, Hornby Road,
BOMBAY, 1.

Dear Sirs,

We shall be obliged if you will buy on our account the following shares at the best market rates and debit the amount, together with your commission, to our Current Account.

100 shares of Scindia Steam Navigation Co., Ltd.
5 shares of the Reserve Bank of India.

Yours faithfully,
Pocha & Sons.

14. *Letter intimating the purchase of Securities.*

THE BOMBAY NATIONAL BANK, LIMITED

Post Box 226,
FORT, BOMBAY.
15th May, 1945.

Messrs. Pocha & Sons.,
POONA.
Station Road,

Dear Sirs,

Re Your letter dated 13th May, 1945.

Your above-noted order has been executed at Rs. 50 per each share of Scindias and at Rs. 170 per each share of the Reserve Bank, inclusive of brokerage. The total amount of Rs. 5,857-5-0, which includes our commission at annas two per cent, has been debited to your account.

Yours faithfully,
B. A. Cook,
Accountant.

N.B.—Ordinarily, if the balance to the credit of a customer's account does not cover the approximate purchase price of the order placed, the banker asks for a margin in advance, usually from 10% to 25%. In cases of customers of repute and substance, however, this condition may be waived or the margin reduced. Then the overdraft, if any, is allowed to occur and realized subsequently, holding the securities purchased as cover, meanwhile.

15. *Letter asking a Bank to issue a Circular Letter of Credit.*

STANDARD MANUFACTURING COMPANY

LAKSHMI BUILDING,
SIR PHIROZSHAH MENTA
ROAD,
BOMBAY, 1.

25th June, 1945.

The Bombay National Bank, Ltd.,
Bombay, 1.

Dear Sirs,

I intend going on a business tour, and shall be visiting Madras, Calcutta, Nagpur, Lucknow, Delhi and Lahore. As I shall need funds during the tour, I shall deem it a favour if you issue in my favour a Circular Letter of Credit for Rs. 5,000/- and debit the amount, together with your charges, to our account. The Letter of Credit should remain in force for three months from the date of issue.

Yours faithfully,
Standard Manufacturing Co.,
B. D. Talwar.

16. Circular Letter of Credit.

Not available after

..... Bank, Ltd.

..... (Date)

Letter of Credit No.

Amount.

Gentlemen,

This letter will introduce to you
to whom you will please furnish such funds as
may require up to the aggregate amount of
rupees against sight drafts drawn on this office, which
please negotiate at your buying rate for Bankers' cheques
on Each draft must be plainly marked
as drawn under this Letter of Credit No. and
must be signed in accordance with the specimen signature
which appears on our Letter of Indication of the same number
to be produced herewith.

We engage that all such drafts shall be met with due
honour if negotiated within months from
this date.

The amount of each draft must be inscribed on the
back of this letter. This letter must be cancelled and attached
to the last draft drawn.

We are,
Gentlemen,
Yours faithfully,

17. *Letter of Indication.*

(To accompany Circular Letter of Credit).

No.....

.....Bank, Ltd.

.....

Date.....

To..

Messrs. (1)

(2)

(3)

Gentlemen,

The bearer of this letter is, in whose
favour we have issued our Letter of Credit No.....
commending him or her to your attention and referring you
to his or her specimen signature below.

We are,
Gentlemen,
Yours faithfully,

.....

Specimen signature.

.....

N.B.—This letter should be retained by the holder until the relative Circular
Letter of Credit is exhausted, when it must be surrendered to the
Banker making the last payment.

18. *Letter to the Head Office recommending a Loan.*

Urgent

THE BANK OF BARODA, LIMITED

APOLLO STREET,
BOMBAY, 1.

1st July, 1945.

The General Manager,
The Bank of Baroda, Ltd.,
BARODA.

Dear Sir,

Mr. Kedarnath B. Sharma, proprietor of Sharma Trading Corporation, 21, Kalbadevi Road, Bombay, approached me today with a request for a loan of Rs. 24,000. This amount is required by him to pay the balance of the price of miscellaneous stores purchased by him at the auction held at Nasik, by the Regional Disposals Commissioner, Southern Circle, Bombay. He bought the stores consisting of miscellaneous goods such as trays, kettles, tubes, hand barrows, woollen socks, jerseys, etc., at Rs. 32,000, out of which he has already paid Rs. 8,000, and has now to pay the balance of Rs. 24,000 before the end of this month. He promises to repay the loan within a period of six months from the date of its receipt.

Mr. Sharma offers the following securities as cover against the loan:—

- (1) Mortgage on his freehold land at Linking Road, Khar, valued at Rs. 8,000.
- (2) Charge on 3½% Government Paper of the present market value of Rs. 10,000.

- (3) Charge on his shop and stock-in-trade at the address given above, value Rs. 5,000.

Although the securities offered do not completely cover the advance asked for, I recommend that Mr. Sharma's request may be granted as, in my opinion, he will be able to sell off the stores at a considerable profit and repay the loan within the stipulated time. Further, Mr. Sharma has been a customer of our branch for over fifteen years, during which time we found him fulfilling all his commitments. Besides, his friendship has resulted in our securing several profitable accounts.

This proposal is not being submitted in the usual form No. B 8, as Mr. Sharma is in urgent need of the funds for the reasons stated above.

Yours faithfully,
H. C. D'Souza,
Manager.

19. *Reply to Letter No. 18.*

THE BANK OF BARODA, LIMITED

BARODA.

5th July, 1945.

The Manager,
The Bank of Baroda, Ltd.,
Bombay, 1.

Dear Sir,

With reference to your letter dated the 1st July recommending a loan of Rs. 24,000/- to Mr. K. B. Sharma, we regret we are unable to accept your recommendation.

As you know, it is the considered policy of this bank to advance loans only up to 85% of the value of even gilt-edged securities offered as cover. In the case under reference, one of the securities offered, viz., land is neither quite liquid nor of a stable value. Besides, the present value of the other security, viz., stock-in-trade, seems to be highly inflated. Therefore, even after taking into consideration the credit worthiness of Mr. Sharma and his relations with us, we do not see our way to grant his request.

Yours faithfully,
R. J. Patel,
General Manager.

20. *Letter to Head Office recommending Confirmation of an Employee.*

THE BANK OF BARODA, LIMITED

APOLLO STREET,
BOMBAY, 1.

21st December, 1938.

The General Manager,
The Bank of Baroda, Ltd.,
BARODA.

Dear Sir,

Re Confirmation of Mr. L. D'Souza.

Mr. L. D'Souza was engaged as an Accountant in this office on the 2nd of January, 1938, and was to be regarded on probation for one year from the date of his appointment. As Mr. D'Souza completes his period of probation on the 1st January, 1939, I recommend that he should be confirmed from the said date.

Mr. D'Souza has given me and his immediate superiors complete satisfaction during the period of his probation by hard work and conscientious discharge of his duties.

Yours faithfully,
H. C. D'Souza,
Manager.

21. *Letter to Head Office regarding disturbances in the city.*

THE GUJARAT BANKING SYNDICATE, LIMITED

BRANCH OFFICE,
WADIA BUILDING,
FORBES STREET,
BOMBAY, 1.

Dated....

The Manager,
The Gujarat Banking Syndicate, Ltd.,
Richie Road,
AHMEDABAD.

Dear Sir,

In response to your trunk call of yesterday I have to report as follows:—

Because of its situation in the Fort area, our bank was not much affected by the communal riot which broke out in this city yesterday. The only trouble we experienced was that yesterday, about 10-30 a.m., some hooligans threw stones at a few buildings in our neighbourhood, causing slight damage to a window of our building.

Some of the members of the staff of this office, especially those who reside in the disturbed localities, were unable to attend. This might have resulted in great inconvenience to the bank had it not been for the fact that most of our customers, too, were prevented from transacting their usual business with us.

I have taken the necessary steps, such as increasing the number of sentries, to guard the bank both during day and night till the disturbances end, and in my opinion there are no grounds for anxiety about the safety of this branch.

Yours faithfully,
Atmaram B. Jani,
Manager.

22. *Monthly Report to the Head Office.***THE BHOPAL BANK, LIMITED**

BRANCH OFFICE.
ELPHINSTONE CIRCLE,
BOMBAY, I.

1st April, 1945.

The General Manager,
The Bhopal Bank, Ltd.,
BHOPAL.

Dear Sir,

I submit the monthly review of this branch for the period ended 31st March, 1945.

1. Deposits.

Account.	Number.	This month Rs.	Last month Rs.	Increase or Decrease over last month.
Current. ..	169	56,20,284/-	44,63,201/-	+ 11,57,083
Savings. ..	114	1,31,225/-	54,215/-	+ , 77,010
Fixed. ..	14	8,20,150/-	6,73,140/-	+ 1,47,010

Comments: The rates of interest allowed by us on Current Accounts vary with the utility of each individual account, having due regard to the extent of the deposit and the period for which large balances are maintained. Ordinarily $\frac{1}{2}\%$ is allowed to all clients who earn at this rate Rs. 5 or more every half year. As a special case, however, $\frac{1}{2}\%$ is allowed to Messrs. Babulal Panalal & Co., for their daily balances up to Rs. 75,000, and $\frac{3}{4}\%$ for balances over Rs. 75,000 and up to Rs. 1,00,000, and 1% for balances above Rs. 1,00,000. Savings rate continues to be 1% and Deposit rates 2% for 12 months, $1\frac{1}{2}\%$ for six months and $1\frac{1}{4}\%$ for three months, as at the Head Office.

2. Advances.

	Number	Last Month	This Month	Increase	Decrease
Loans.	49	5,00,000/-	4,50,000/-	..	50,000
Cash Credits.	75	3,00,000/-	3,50,000/-	50,000	..
Overdrafts.	75	1,10,000/-	1,30,000/-	20,000	..
Bills Purchased.	40	4,00,000/-	3,00,000/-	..	1,00,000
Bills Discounted	90	15,000/-	20,000/-	5,000	..

Comments: The decrease in loans is due to the repayment of an advance granted to Messrs. Patel and Co. against Government Paper. The increase in cash credits and overdrafts is the result of fresh advances having been made to the following firms against produce:—

Messrs. Bansilal & Co.

Messrs. Ratilal & Co.

The decrease in Bills purchased is explained by the fact that some of them matured during this month and were honoured. The increase in Bills discounted is accounted for by the discounting of more 60 and 90 days Trade Bills.

Rates on advances vary with the nature of the security offered, the amount of advance taken and the credit-worthiness of the party. According to our usual practice, however, $2\frac{1}{2}\%$ is charged on Government Securities, 3% on commodities, $3\frac{1}{2}\%$ on shares, 4% on piecegoods and $4\frac{1}{2}\%$ against promissory notes.

3. Business.

Particulars.	Amount.
Drafts & T.T. issued.	Rs. 4,00,000 0 0
Drafts & T.T. paid.	Rs. 1,50,000 0 0

Comments:—Rates of Exchange and Commission—Our usual policy of "charge what the traffic will bear" is followed, having due regard to the interest returns on the basis of a minimum of 3% per annum. Thus, generally, exchange rate and/or commission is charged at the rate of 1/16% for Bills sold or collected on all Bhopal State branches, 1/64% on Port branches and 1/32% on stations where we have branches or agents.

4. General Business Activity.

Owing to our incessant efforts to popularize this branch, the general business activity has been exceedingly brisk. We believe that with the vast post-war reconstruction programme of the Bombay Government, particularly their house-building projects and industrial rehabilitation schemes, Bombay will witness a healthier demand for banking facilities. I have, therefore, no hesitation in predicting a continuance of successful business at this branch.

5. Head Office Account.

Particulars.	Amount.
Total amount requisitioned.	Rs. 4,50,000 0 0
Number of Occasions.	5.
Total amount remitted.	Rs. 4,50,000 0 0
Number of Occasions.	5.

6. Average Cash

Particulars.	Amount.
Cash in hand.	Rs. 1,51,000 0 0
Balance with the Imperial Bank.	Nil
Balance with the Reserve Bank.	Rs. 15,52,000 0 0
Balance with other banks.	Rs. 6,03,000 0 0

Comments: As the requirements of our customers remain more or less constant, a large amount of till-money is not kept in hand. Our balance with the Reserve Bank is maintained at the statutory level, and it increases with the increase of our liabilities.

7. Income.

Particulars.	Amount.
Interest.	Rs. 21,225 0 0
Exchange.	Rs. 782 0 0
Commission.	Rs. 300 8 6
Discount.	Rs. 400 0 0
Miscellaneous.	Nil.

Suggestions for Increasing Income of the Branch.

1. Merchants who have pledged their cotton godowns with us complain of the inadequacy of the limit of rupees ten lakhs allowed to each of them on the plea that the loanable value of the stock of cotton that can be stored in each godown is rupees fifteen lakhs. It is, therefore, suggested that the limit of loans to each cotton merchant pledging his godown with us be raised to rupees fifteen lakhs. The increased amount of interest that will thus accrue will add to our income.

2. We have at present bill discounting commitments to the extent of rupees five lakhs only. Our experience of this business is highly satisfactory, not a single bill having been dishonoured during the last six months. In view of this, it is suggested that the bill discounting limit be doubled.

8. Expenditure.

Amount Rs. 10,000/-.

Every effort is being made to exercise thrift and economy under this head.

9. Market Report.

All the four markets, viz., securities, shares, bullion and commodities, have registered unprecedented levels in the upward direction during the month. The primary reason for this spurt has been the budget proposals announced by the Finance Member on the 28th February, suggesting the abolition of the Excess Profits Tax, reduction in the Corporation Tax, relief in customs duty and a special depreciation allowance of 20% on plant and machinery and 10% on new buildings.

Yours faithfully,
A. T. Samant,
Manager.

23. *Confidential enquiry as to Status of a Customer.***THE NEW ERA BANK, LTD.**

Private & Confidential.

P.O. Box 299,
BOMBAY.
25th June, 1945.

The New Mercantile Bank, Ltd.,
Fort Building,
Hornby Road,
BOMBAY, 1.

Dear Sirs,

We should be much obliged if you would favour us with your opinion as to the means, standing, and respectability of the party whose name is given below. Please rest assured that any information that you may favour us with will be treated as strictly private and confidential.

Name: Kedarnath B. Sharma.

Designation: Proprietor of Sharma & Co.

Address: Princess Street, Bombay.

Yours faithfully,
A. B. Shah,
Manager.

24. *Reply to Letter No. 23.*

THE NEW MERCANTILE BANK, LTD.

Private & Confidential.

FORT BUILDING,
HORNBY ROAD,
BOMBAY, 1.
26th June, 1945.

The Manager,
The New Era Bank, Ltd.,
P.O. Box 299,
BOMBAY,

Dear Sir,

With reference to your enquiry of the 25th inst., we send the enclosed report in the strictest confidence and without any responsibility on the part of this bank or any of its officers.

The report is sent on the condition that the name of this bank will not be disclosed in the event of our report being passed on by you to any of your customers.

Yours faithfully,
A. K. Clarke,
Manager.

Encl: Report.

The Report.

THE NEW MERCANTILE BANK, LTD.

FORT, BOMBAY.

The under-mentioned opinion is not, and must not be taken as, a representation or a guarantee; it is, and must be taken as, private and confidential and is given by the Bank without prejudice, and on the express condition that the Bank and its servants are held free from all liability in connection with it, and that you hold the Bank and its servants indemnified against any liability to any customer or other person to whom you may communicate it. It is also a condition of this letter that the name of this Bank will not be disclosed in the event of such reports being communicated to your clients.

Opinion

We are informed that Mr. Kedarnath B. Sharma of Messrs. Sharma & Co., Bombay is an old and established business man in the city and is regarded as a man of fair means, and good for ordinary business engagements.

25. *Letter from one Bank to another.*

NATIONAL BANK OF CHICAGO

Ref. No. M/22,

BOMBAY,
28th June, 1945.

The Manager,
Bombay Bank, Ltd.,
BOMBAY.

Dear Sir,

With reference to your letter dated the 26th June, 1945, we have to state that we are prepared to allow you to open Letters of Credit with us on account of your constituents provided:—

1. You furnish us with reports on their financial standing.
2. You allow us the right of rejecting such applications for credit as may involve extraordinary risks.
3. You obtain our previous sanction for opening credits for amounts exceeding \$ 3,000.
4. The letters of credit are opened only for transport of readily salable consumers' goods, and such credits will not be tenable for more than six months.
5. You lodge with us approved securities of the value of Rs. 10,00,000, which will entitle you to open credit up to Rs. 8,00,000.

We trust you will find these terms agreeable.

Yours faithfully,
A. S. Rowse,
Manager.

26. *Letter from one Bank to another.***BOMBAY BANK, LIMITED.**

BOMBAY,
30th June, 1945.

The Manager,
National Bank of Chicago,
BOMBAY.

Dear Sir,

We thank you for your letter No. M/22 of the 28th inst., and have to reply as follows:—

1. We are agreeable to furnish you reports on our constituents on whose account we open Letters of Credit.
2. We are also agreeable to allow you to reserve the right to reject applications for credits in case you find that they involve extraordinary risks.
3. We shall take previous sanction from you before opening credits for amounts exceeding \$3,000.
4. The letters of credit will be opened only for the import of readily salable consumers' goods, and their limit will not be for more than six months.
5. We will lodge with you approved securities of the value of Rs. 10,00,000, which will entitle us to open credits up to Rs. 8,00,000. However, we shall thank you if you allow us to draw to the extent of Rs. 10,00,000, especially during the busy season, viz., December to March.

For your reference, we enclose a list of our branches, along with a copy of our latest balance sheet, from which you will note the continued progress of this bank.

Yours faithfully,
D. Tarapore,
Manager.

CHAPTER XX

SECRETARIAL CORRESPONDENCE

The Secretary and his Duties.—Most joint-stock companies have on their staff a highly responsible official called the Secretary, who is concerned with the general administration and management of the Company. It is through him that the directors act. He is their mouth-piece and a link between them and the shareholders. A servant of the company, he is the “boss” of its employees. He is the hub of the administrative side of the company, being entrusted with the work of co-ordinating its various departments. He is also in charge of the company’s correspondence.

The main duties of the company secretary are:—

- (1) To arrange for meetings of the directors and the shareholders, to write the minutes of the meetings, and to carry out the instructions given to him at the meetings.
- (2) To attend to the legal obligations imposed on the company.
- (3) To keep records of shares, loans, and mortgages, and to carry out the requirements of the company’s Memorandum and Articles of Association.
- (4) To organize and supervise the company’s correspondence, its accounts, statistics and the clerical work connected with its business.

Classification of Correspondence.—Secretarial correspondence may be considered under the following heads:—

- (1) **With the Directors.**—As the secretary is a servant of the directors, his letters to them must reflect the deference that is due from him to them. At times the directors may happen to be inexperienced, or not thoroughly acquainted with the affairs of the company, and may

therefore allow themselves to be guided by the secretary in all matters relating to its management. In such a case the secretary will, no doubt, wield great power and authority. Nevertheless, in his correspondence with such directors he must not say anything to suggest that he has forgotten his subordination to them.

As the secretary meets the directors personally at the Directors' Meetings held at short intervals, apart from sending out notices regarding such meetings, he is not required to carry on much correspondence with them. The few occasions, however, on which he may have to write letters to them are:—

- (a) When a director who is absent from a meeting asks for a report of its proceedings.
- (b) When a director proposes in writing that a particular matter should be placed on the agenda, and the chairman asks the secretary to write to the director persuading him not to insist on including such matter in the agenda.
- (c) When a director proposes some course of action which is not in the interest of the company, or which is illegal or *ultra vires*, and the chairman asks the secretary to point this out to the director.

When writing the above types of letters the secretary should exercise great tact and state nothing that is likely to offend the director.

In reporting the proceedings of a meeting to a director who was absent from it, the secretary should give a more detailed account of what took place at the meeting than is given in the minutes. Such detailed account may include a statement of what was said at the meeting for and against a proposition and what decision was taken thereafter.

✓ (2) **With the Shareholders.**—Although the secretary is primarily a servant of the Board of Directors, he is also, in a sense, a servant of the shareholders, who really are the proprietors of the company. He owes them, therefore, the highest courtesy and consideration. The need for the

exercise of these virtues often becomes necessary in correspondence because there are numerous occasions on which the secretary has to turn down, by means of letters, various types of indiscreet requests made by shareholders.

Among the many difficult matters that the secretary has to deal with are requests from shareholders for information regarding the affairs of the company. Within this category fall requests for information about a forthcoming dividend, an event improving or injuring the company's credit, the likelihood of a change in its directorate, modification of its business policy, the possibility of its amalgamation with another company, etc. The drafting of replies to such requests calls for great tact and discretion on the part of the secretary. The general principle to be borne in mind on such occasions is that no individual shareholder has a right to receive information of the type mentioned above prior to others. This is especially so when the information sought is likely to have an immediate effect on public opinion regarding the company's position or its prospects. Such information should be withheld from the enquirer until it is made available to all shareholders alike, because advance information on such matters might enable the recipient to use it to his own individual advantage. To confer this benefit upon any particular shareholder would be unfair to other shareholders. It would be unfair also to the general public who might be dealing in the company's shares. Leakage of this type of information would injure the reputation of the company, as it would suggest inside manipulations for private ends.

On the other hand, there is no harm if the secretary supplies information regarding ordinary details of the company's affairs and satisfies the legitimate curiosity of any shareholder.

The secretary also receives letters of complaints on various matters, such as an unsatisfactory dividend recommended by the directors, their failure to patronize a shareholder by not accepting his tender, etc. In dealing with such complaints, the secretary should try to convince

the writer that the management has taken the particular step in the best interests of the company.

(3) **With the Staff.**—The secretary, who is a servant of the directors and shareholders, is the “boss” of the staff under him. This is so unless the company is large enough to employ a special Staff Manager for the purpose. It is the duty of the secretary to see that all members of the staff are efficient, contented, loyal and co-operative, and to co-ordinate their work. He has to maintain discipline amongst them, because he cannot get the work of the company done unless the staff obeys his directions. He must realize, however, that discipline is not incompatible with humane and kind treatment. His correspondence with the staff must, therefore, be characterized by a note of authority and firmness, tempered with fairness, sympathy and regard for the welfare of the persons addressed.

(4) **With the Registrar of Companies.**—Joint-stock companies, both public and private, are governed by the provisions of the Indian Companies Act, 1913, and its subsequent Amendments. The secretary, in his capacity as a responsible official of the company, has to see that the provisions of the Act are complied with. In this connection, he has to go through certain formalities and to submit periodically statements, returns etc. to the Registrar of Joint-Stock Companies. The secretary’s correspondence with the Registrar, being of a routine nature, does not require special consideration here.

*1. Notice of a Board Meeting.***HINDUSTAN ENGINEERING WORKS, LTD.**

MEHTA BUILDING.
15, HAMAM STREET.
BOMBAY, I.

13th July, 1946.

Dear Sir,

A meeting of the Directors will be held at the registered office of the Company on Saturday, the 20th inst., at 2 P.M., when the business mentioned in the enclosed agenda will be considered.

Encl: Agenda.

Yours faithfully,
S. D. Contractor,
Secretary.

To,
P. M. Wadia, Esq.,
"Gulshan",
Peddar Road,
Bombay.

2. *Letter from a Director suggesting fixed days for Board Meetings.*

RITZ HOTEL,
SHAHI BAUG,
AHMEDABAD.

1st August, 1945.

The Secretary,
Hindustan Commercial Company, Ltd.,
90, Hornby Road,
BOMBAY, 1.

Dear Sir,

I have been touring Gujarat since the 15th of last month and have not received notice of the next meeting of the Board. Please let me know, therefore, at the above address, where I propose to stay up to the 7th of this month, the date of the next Board Meeting.

As I am likely to be often away from home, I suggest that the Board Meetings should be held on certain fixed days of the month. I shall be glad if you will, in consultation with the Chairman, include this matter in the agenda for the next meeting.

Yours faithfully,
C. K. Wadia.

3. *Reply to letter No. 2*

HINDUSTAN COMMERCIAL COMPANY, LTD.

90, HORNEY ROAD,
BOMBAY, I.

3rd August, 1946.

C. K. Wadia, Esq.,
Ritz Hotel,
Shahi Baug,
AHMEDABAD.

Dear Sir,

With reference to your letter of the 1st inst. I am directed to inform you that the next meeting of the Directors of the Company will be held on Thursday, the 15th inst., at 3 P.M. A notice of the meeting has already been posted to your home address.

Your suggestion regarding the holding of Board Meetings on certain fixed days in the month was referred to the Chairman, and he has asked me to include it in the Agenda for the next meeting.

Yours faithfully,
S. D. Contractor,
Secretary.

Letter asking a Director to attend an important Board Meeting.

HINDUSTAN CONSTRUCTIONS, LTD.

21, MEADOWS STREET,
BOMBAY, 1.

5th September, 1944.

Madhavlal G. Bhat, Esq.,
Navsari Chambers,
Hughes Road,
BOMBAY, 7.

Dear Sir,

I beg to draw your attention to the Agenda for the next meeting of the Directors, a copy of which has already been forwarded to you, and request you to note that an important item in it is the consideration of the Balance Sheet and the Annual Report of the Directors to be submitted to the Shareholders at the ensuing Annual General Meeting.

The most important point to be decided at the meeting is the appropriation of a considerable balance as shown in the Profit and Loss Account. This will probably be discussed at great length as, on account of the recently proposed schemes for the expansion of the company's business, it is to be decided whether a large part of the profits should be appropriated to the Reserve Fund and a small Dividend declared, or whether such Dividend as would be in keeping with the expectations of the shareholders should be declared.

In view of the vital importance of the above matter, you are earnestly requested to attend the meeting and give your valuable advice to the Board.

Yours faithfully,
R. T. Sharma,
Secretary.

5. *A report to a Director of the proceedings of a Board Meeting.*

HINDUSTAN CONSTRUCTIONS, LTD.

21, MEADOWS STREET,

BOMBAY, 1.

30th September, 1944.

Madhavlal J. Parikh, Esq.,
The Cliff,
Carmichael Road,
BOMBAY, 26.

Dear Sir,

I send herewith for your perusal a copy of the minutes of the Board Meeting held on Thursday, the 27th inst., and invite your attention particularly to item No. 7, dealing with the purchase by the Company of a plot of land at Dadar at a cost of about Rs. 2,00,000/-.

It was moved by Mr. Jamnadas Thakoredas that the Company should purchase the said plot, and the motion was seconded by Mr. Abid Ali.

The motion met with strong opposition from some members, who maintained that the return on the land at the above cost would amount to only 2%, after making allowances for the necessary expenses, and that in view of the other proposals for investments yielding better returns, it was not in the interests of the company to purchase the plot. In the course of the discussion that followed, it was pointed out by the Chairman that the proposal of Mr. Jamnadas Thakoredas should be looked upon as a long-term investment. It was argued by him that the locality in which the land is situated would soon develop and lead to a large increase in its value, when the company could either dis-

pose of it at a profit or construct on it business premises yielding high rent.

The Chairman's point of view was finally accepted by the members, and the motion was carried unanimously.

The other items in the minutes, being of the usual routine nature, need no elucidation. I shall, however, be glad, if you so desire, to explain any further points.

Yours faithfully,
R. T. Sharma,
Secretary.

Enc: Copy of Minutes of Board Meeting.

6. *Letter to a Director asking for certain information.*

HINDUSTAN COMMERCIAL CO., LTD.

90, HORNBY ROAD,
BOMBAY, 1.

23rd June, 1945.

Kasturbhai L. Parikh, Esq.,
Chowk Bazar,
SURAT.

Dear Sir,

Re Requirement under Section 87 (1)
of the Indian Companies Act.

With reference to your letter of the 21st June, informing us that you have ceased to be a Director of the Motor House (Gujarat), Ltd., I shall thank you if you will let us know the actual date on which you resigned the Directorship of the said company, as the information is required for submission to the Registrar of Companies in connection with our Return under the above Section.

Yours faithfully,
S. D. Contractor,
Secretary.

- 7. *Notice to the Shareholders of an Annual General Meeting.*

**ANGLO-HINDUSTAN JUTE MILLS COMPANY,
LIMITED.**

Notice is hereby given that the Twenty-fourth Ordinary General Meeting of the shareholders of the above Company will be held at the Registered Office of the Company at 104, Clive Street, Calcutta, on Friday, the 10th May, 1940, at 4-30 p.m. to transact the following business:—

1. To receive and adopt the Directors' Report, and Audited Accounts and Balance Sheet for the year ended the 31st March, 1940.
2. To declare a dividend.
3. To elect Directors in place of those who retire by rotation, but are eligible for re-election.
4. To appoint auditors for the year ending the 31st March, 1941, and to fix their remuneration.

The Share Transfer Books of the Company will be closed from the 3rd May, to the 17th May, both days inclusive.

By Order of the Board
Guha & Company,
Managing Agents.

Calcutta.
19th April, 1940.

8. *Notice of an Extraordinary General Meeting of Shareholders.*

NOTICE

Notice is hereby given that an Extraordinary General Meeting of the Apollo Mills, Limited, will be held at the registered office of the Company on the 23rd day of March, 1946, at 3-30 P.M. (S.T.) or immediately after the Annual General Meeting is terminated, when the subjoined resolution will be proposed as a Special Resolution:—

RESOLUTION:

"To consider and, if thought fit, to approve the draft of new Articles which will be submitted to the meeting, and in the event of the approval thereof, with or without modifications, to consider and, if thought fit, to pass a resolution to the effect that the new Articles already approved by this meeting, and for the purpose of identification subscribed to by the Chairman thereof, be adopted as the Articles of Association of the Company in substitution for and to the exclusion of all the existing Articles thereof."

A copy of the revised Articles to be submitted to the meeting is open for inspection by any member at the registered office of the Company at Delisle Road, Bombay, between the hours of 1 P.M. and 2 P.M. on Saturdays and 2 P.M. and 5 P.M. on any other working day.

Yours faithfully,

By order of the Board of Directors
of the Apollo Mills, Limited,
For and on behalf of the Agents,
The Rajputana Textiles (Agencies) Ltd.,
Gokulchand Dwarkadas Morarka,
Managing Director.

9. *Letter to Shareholders seeking their approval for revising the Articles of Association and increasing Directors' remuneration.*

DELISLE ROAD,
CHINCHPOKLY,
BOMBAY.

12th February, 1946.

To

The Shareholders of the Apollo Mills, Ltd.

Sir/Madam,

Enclosed herewith is the Notice of an Extraordinary General Meeting to be held on Saturday, the 23rd day of March, 1946, for considering a Special Resolution for the approval and adoption of a revised set of Articles of Association of the Company.

The company was registered in the year 1920, and the Articles of Association were framed about the time of its Registration. Since then numerous important changes have been made in the Indian Companies Act, 1913, in particular, by the amendments which came into force from 1st January, 1937. By these amendments various clauses in Table (A) of the Companies Act have been made part of the Articles of Association of every company, notwithstanding any provisions to the contrary in the existing Articles. In view of these numerous changes in the Company law, the existing Articles have become antiquated, and in various matters of practice and procedure, reference has to be made to the provisions of Table (A) conjointly with the existing Articles. The Directors have, therefore, thought it desirable to have a revised set of Articles, incorporating all the changes in Company law.

The Directors do not propose to make any alteration in the Articles to the prejudice of the shareholders. Nevertheless, it may be pointed out that they intend to make a

change in the remuneration of the Directors for attending meetings of the Board. According to the present Article 95, the Directors' remuneration is fixed at Rs. 50/- for every meeting. Under Article 109 of the revised Articles, it is proposed to alter the remuneration to such sum, not exceeding Rs. 150, as the Directors may fix for every meeting.

A copy of the revised set of Articles proposed to be adopted and a copy of the existing Articles may be inspected by any shareholder at the registered office of the company at any time during the hours of 1-0 P.M. to 2-0 P.M. on Saturdays and 2-0 P.M. to 5-0 P.M. on other working days.

If any of the shareholders has any suggestions to make in connection with the revised set of Articles, the Board of Directors will give due consideration to his view, and shareholders will be at liberty to suggest any modifications in the proposed Articles.

Yours faithfully,
By order of the Board of Directors
of the Apollo Mills, Limited,
For and on behalf of the Agents,
The Rajputana Textiles (Agencies) Ltd.,
Gokalchand Dwarkadas Morarka,
Managing Director.

10. *Letter informing a Shareholder that his shares have been lodged for Transfer.*

HINDUSTAN MOTORS, LIMITED.

8, ROYAL EXCHANGE PLACE,
CALCUTTA.

5th March, 1946.

S. T. Sharma, Esq.,
23, Shivaji Park,
Dadar, Bombay.

Dear Sir,

We beg to inform you that an instrument of transfer purporting to be signed by you and transferring 100 shares, numbered 2371447 to 2371546 inclusive, of this Company, now standing in your name, has been lodged at this office for registration.

Unless we hear from you to the contrary by return of post, it will be assumed that the matter is in order and the instrument of transfer will be dealt with in the usual manner.

Yours faithfully,
Hindustan Motors, Limited,
A. B. Mehta,
Secretary.

*11. Letter to Shareholders offering new Shares.***THE SCINDIA STEAM NAVIGATION COMPANY, LTD.**

SCINDIA HOUSE,
DOUGALL ROAD,
BALLARD ESTATE,
BOMBAY.

7th March 1946.

Jagdish Chandra Bahl, Esq.,
Sydenham College of Commerce & Economics,
BOMBAY.

Sir/Madam,

1. At the Extraordinary General Meeting of the Shareholders of the above company held on the 5th March, 1946, it was resolved to increase the Capital of the Company from Rs. 2,25,00,000/- to Rs. 4,50,00,000/- by the issue of 15,00,000 new shares of Rs. 15/- each. These shares are offered at a premium of Rs. 15/- per share in the first instance to the members of the Company on the Register of Shareholders of the Company on the 22nd February, 1946, in proportion of one share to every share held by the member.

2. The shares offered are payable as follows:--

Rs. 10/- (Rs. 5/- towards capital and Rs. 5/- towards premium) with application per share on or before the 10th April, 1946.

Rs. 10/- (Rs. 5/- towards capital and Rs. 5/- towards premium) on allotment per share payable on or before the 15th May, 1946.

Rs. 10/- (Rs. 5/- towards capital and Rs. 5/- towards premium) on call per share payable on or before the 20th June, 1946.

If any amount payable on allotment or in respect of call be not paid on or before the date fixed in that behalf, interest will be charged at the rate of 6% per annum from such date till payment.

The shares are offered subject to the following terms:—

- (a) That these additional 15,00,000 shares shall rank for dividend that may be declared by the company for periods subsequent to 1st July, 1936.
- (b) That the Certificates for these new shares shall be completed for delivery within six months after the respective dates of allotment.

3. In respect of your holding of 25 shares on the 22nd day of February, 1946, you are entitled to 25 new shares. You are at liberty to apply for all or a portion of the above-mentioned shares.

4. If you desire personally to accept the offer and take up the said shares or any smaller number, you should sign the acceptance form (Form A) hereto annexed and send it on to the Registered Office of the Company at the above address, with the application money calculated at the rate of Rs. 10/- (Rs. 5/- capital and Rs. 5/- premium) per share applied for.

5. You are at liberty to accept the said shares yourself wholly or partly, or to renounce wholly or partly in favour of any other person or persons to be approved by the Directors.

6. If you renounce the said shares wholly, you are requested to fill up and sign the renunciation particulars in Form B enclosed herewith and hand over the same to the person in whose favour the right is renounced, and that person shall fill in the "Request for Allotment" part in Form B and send the Form to the Registered Office of the Company at the above address, together with the application money calculated at the rate of Rs. 10/- (Rs. 5/- capital and Rs. 5/- premium) per share applied for.

7. In case you accept some of the shares offered and renounce the others or any of them, you should sign the Acceptance Form A for the shares you accept and sign the Renunciation part in Form B, and the person in whose favour the shares are renounced should sign the "Request for Allotment" part of Form B. These forms should be

sent to the Registered Office of the Company at the above address, together with application money calculated at the rate of Rs. 10/- per share applied for.

8. In case the shares are intended to be renounced in favour of more than one person, extra Forms B can be obtained on application to the Company.

9. Request for shares by any person in whose favour you may renounce your right to any of the shares offered to you shall be on further terms that the directors shall be entitled at their discretion to reject such application without assigning any reasons for such rejection. In case of such rejection, you have the option to apply for and take up the shares yourself within a week thereof.

10. If you desire an allotment of shares in excess of the shares offered to you out of the shares which may not be taken up pursuant to the offer, you may sign the form of Request (Form C) for additional shares, which is also annexed, and send the same to the Registered Office of the Company at the above address, together with the application money calculated at the rate of Rs. 10/- per share. The allotment of such excess shares shall be at the discretion of the Directors in all respects.

11. In any of the cases, whether you personally take up all or part of such new shares (Form A) or whether you appoint an appointee or appointees (Form B) or apply for additional new shares (Form C) the form or forms as the case may be, duly completed and signed, must be so returned as to reach the Registered Office of the Company, "Scindia House", Dougall Road, Ballard Estate, Bombay, on or before the 10th April, 1946, together with the appropriate sum payable, failing which the offer hereby made will be deemed to have been declined.

ALL CHEQUES SHOULD BE MADE PAYABLE IN BOMBAY. ALL APPLICATIONS WITH MONEY WILL BE RECEIVED BETWEEN 11 A.M. AND 3 P.M. ON WEEK DAYS AND UP TO 1 P.M. ON SATURDAYS.

For The Scindia Steam Navigation Co. Ltd.,
Narottam Morarjee and Co.,
Agents.

12. *Letter from a Shareholder enquiring about the Company's progress and the Likelihood of a higher Dividend.*

24, GANDHI NAGAR,
BANGALORE.

24th January, 1938.

The Secretary,
Messrs. Simpson & Co., Ltd.,
High Street,
MADRAS.

Dear Sir,

I have been a shareholder of your Company for the last five years and am glad to hear that the Company is making satisfactory progress. As I intend to increase my holdings, I should like to know from you officially whether the Company has really good prospects, and whether there is a likelihood of a higher dividend being declared by the Company this year.

Yours faithfully,
A. B. Mudaliar.

13. *Reply to Letter No. 12.*

SIMPSON AND COMPANY, LIMITED.'

HIGH STREET,
MADRAS.

28th January, 1938.

A. R. Mudaliar, Esq., M.A.,
24, Gendhi Nagar,
BANGALORE.

Dear Sir,

In reply to your letter of the 24th inst., enquiring about the prospects of this Company, I have to state that by virtue of my position as Secretary, I am prevented from divulging any information of the kind you seek. You will agree with me that in giving you such information I should be acting in a manner highly prejudicial to the interests of other shareholders.

I advise you, therefore, to study the latest Directors' Report and the Balance Sheet of this company, which will enable you to form an idea of its present position and future prospects. Your stock-brokers also will be able to advise you in the matter.

Yours faithfully,
Simpson & Company, Limited,
John Brown,
Secretary.

14. *Reply to a Shareholder who complains that 'the Dividend recommended by the Directors is unjustifiably low.*

THE A. B. C. COMPANY, LTD.

32, CHURCHGATE STREET,
BOMBAY. 1.

1st July, 1925.

N. S. Das Gupta, Esq.,
The Mall,
LAHORE.

Dear Sir,

In reply to your letter of 27th June, 1925, I have to inform you that before deciding to recommend the rate of dividend, the Directors fully considered all the points raised by you. In their opinion, it was in the best interests of the shareholders as a whole to strengthen the financial position of the Company, by appropriating a large portion of its profits to the Reserve Fund and limiting the dividend to the rate suggested.

The Chairman proposes to explain the matter in greater detail at the Annual General Meeting of the Company to be held on the 10th inst.

Yours faithfully,
B. C. Burjor,
Secretary.

15. *Reply to a Shareholder who complains that in spite of his large holdings of the Company's shares, no preferential treatment was given to his Tender.*

TILKA & COMPANY, LIMITED.

PRINCESS STREET,
BOMBAY, 2.

1st April, 1936.

Yodh Raj, Esq.,
Main Avenue,
Santa Cruz,
BOMBAY, 25.

Dear Sir,

We are in receipt of your letter dated the 25th March, suggesting that your tender for stationery, etc. should have received preferential treatment on account of your holding 200 shares of the Company. In this connection, I have been directed by the Chairman to inform you that it would not be in the interests of the Company to deviate from their established policy of judging each tender on its merits, and of not being guided by any other consideration.

Yours faithfully,
B. Sims,
Secretary.

16. *Report from the Directors to the Shareholders, accompanying the Statement of Accounts.*

TO THE SHAREHOLDERS
OF THE
ANGLO-INDIA JUTE MILLS COMPANY, LIMITED.

Gentlemen,

We beg to submit the Audited Accounts for the half-year ended 31st March, 1940.

These show a profit on Revenue Account of Rs. 7,18,892-8-2. On transfer of this to Profit and Loss and after reserving Rs. 1,00,000 for Income-Tax and Super-Tax, there is a balance at credit of that account of Rs. 7,54,096, which we recommend should be dealt with as follows:—

	Rs. as p.
To payment of dividends, free of Income-Tax:	
On Preference Shares at the rate of	
7 per cent. per annum (Rs. 3-8-0 per share)	96,677 0 0
On Ordinary Shares at the rate of	
20 per cent. per annum (Rs. 10-0-0 per share)	4,92,070 0 0
Total	5,88,747 0 0

leaving a balance of Rs. 1,65,349 0 0 to be carried forward.

The Company's mills worked 54 hours per week until the 4th November, 1939, when hours of work were increased to 60 per week to meet the additional demand for jute goods from His Majesty's Government.

During the first half of the period under review, there was a good demand from all consuming centres, and prices of both Jute and Gunnies were forced to uneconomically high levels by speculation. The inevitable reaction follow-

ed in the second half of the period, the drop being more pronounced in the prices of the manufactured article.

The Government of Bengal, who had announced their intention to restrict sowings of the coming season's jute crop, were persuaded to postpone their plans, and with excellent crop prospects, the price of the raw material has now receded to a level more in relation to the finished article.

The manufacturing margin of profit at present is small and while the company has secured forward sales at remunerative prices, it would be unwise to forecast prospects with world conditions as they are.

The addition to Block Account represents the further installation of modern machinery.

In January last, Mr. T. B. Nimmo was appointed to fill the vacancy on the Board of Directors caused by the retirement of Mr. Thos. Douglas, while, in February, Mr. C. E. W. Price, on return from furlough, resumed his seat on the Board. *

We are, Gentlemen,
Yours faithfully,

Directors, { N. D. Gye.
 { C. E. W. Price.
 { T. B. Nimmo.

DUNCAN BROTHERS AND COMPANY, LIMITED,
Managing Agents.

101, Clive Street,
Calcutta.
19th April, 1940.

17. *Report from the Secretary recommending the establishment of a Sports Club for the Company's Staff.*

ARJUN INSURANCE COMPANY, LIMITED.

ARJUN BUILDING.

BALLARE ESTATE

BOMBAY, 1.

15th September, 1945.

The Managing Director,
Arjun Insurance Co., Ltd.

Dear Sir,

The Secretary of the Staff Union of this Company saw me on the 12th September to inform me that the staff felt that the Company should establish for their benefit a Sports Club as had been done by many other insurance companies in the city. He also assured me that the staff were prepared to meet a part of the cost of establishing and running the club.

The need for providing the staff with a Sports Club has often been pointed out to me by various members of the staff. This demand has lately become insistent in view of such clubs having been formed by other insurance companies for their staff. I am of the opinion that we should grant this request as it would meet a long-standing demand of our staff, and at the same time result in the improvement of their health and increased efficiency in their work. I have made the necessary enquiries to ascertain the cost of the project, and submit the estimate for your consideration.

Premises for the Club: After inspecting several premises I am of the opinion that the 2nd floor of Amin Building, 114, Mint Road, which is vacant at present, is the most suitable place for the club. The premises are well ven-

tilated and lighted and have the following accommodation:—

- (i) A hall 40' x 40', suitable for use as lounge.
- (ii) A room 30' x 20', where table-tennis and indoor games can be played.
- (iii) A room 30' x 30', which can serve as a Refreshment Room.
- (iv) A small room 15' x 15', adjoining the above where refreshments could be prepared.
- (v) A small room 15' x 12', suitable for use as a cloak room.
- (vi) The premises are also equipped with sanitary arrangements.

Sports Ground: From enquiries made at the office of the Municipal Corporation, I learn that a suitable plot at the Esplanade Maidan may be allotted to our club at a quarterly rent of Rs. 25/.

Initial Expenses: From estimates received, I think the initial expense would be as follows:—

i. For furnishing the premises for use as a club.	Rs.	as.	p.
	3,000	0	0
ii. Crockery, gas-stove, and utensils.	350	0	0
iii. Cricket bats and other cricket accessories.	250	0	0
iv. Table-Tennis table.	150	0	0
v. Bats, poles, nets, etc.	25	0	0
vi. Carrom Boards, packs of cards and other accessories of indoor games	25	0	0
Total	Rs. 3,800	0	0

Recurring Expenses (Annual).

i. Rent of the premises at Rs. 150 per month.	Rs.	as.	p.
	1,800	0	0
ii. 4 servants each at Rs. 30 per month	1,440	0	0
iii. Rent of ground.	100	0	0
iv. Electricity, gas and water charges	300	0	0
Total	Rs. 3,640	0	0

The club will charge each member Rs. 2 as admission fee, which will amount to Rs. 500. This amount will represent the contribution of the staff towards the initial expenses. As regards the recurring cost, the Staff Union is prepared to bear half of it. Thus the company will have to contribute an initial sum of Rs. 3,300 and a recurring grant of Rs. 1,820 per annum. As the amount that the Company is expected to spend is not large, I strongly recommend that it should provide the staff with a Sports Club, and thus satisfy their long-standing need.

Yours faithfully,
B. D. Talwar,
Secretary.

18. *Representation from the Staff to the Secretary.*

INDUS BANK STAFF ASSOCIATION.

INDUS BANK LTD.,
SIR P. M. ROAD,
BOMBAY.

The Secretary,
Indus Bank, Ltd.,
Sir Phirozshah Mehta Road,
BOMBAY, 1.

20th September, 1945.

Dear Sir,

I have been instructed by the Representative Committee of the above Association to address you as follows:—

1. With reference to your letter No. A/5, dated the 12th inst., my Committee note with satisfaction that the authorities are going to take steps to reduce the working hours of the staff of the Accounts Department at the Head Office. They fully appreciate the difficulty of devising a system that will be fool-proof against the balancing difficulties. They suggest, however, that one of the best ways of solving the problem is the appointment of a late duty staff sufficient for the requirements of the clearing sections. This arrangement, they think, will regularize the working hours of the office within the scope of the Shop Assistants' Act, the provisions of which, they understand, will be applicable to this Bank also, on the official termination of the War, in the near future.

2. My Committee desire to point out that all through the difficult years of the War, the Bank staff have worked hard, often under the most trying conditions, and that as the War is now over, they are entitled to a Victory Bonus. This legitimate claim which has been met by several other Banks will, it is hoped, be considered sympathetically by the authorities of this Bank also, to compensate the staff for the burden of heavy work borne by them all these years.

3. The War is now over, but the high cost of living brought about by it is likely to continue for many years to

come. My Committee, therefore, request the authorities to revise the scales of pay of such staff of the Bombay Division as receive salaries below Rs. 300 per month. The necessity for such revision has been felt by several other banks also, who have recently revised their grades, notably the National Bank of India, Ltd., and the Central Bank of India, Ltd. The Committee understand that a similar revision has been sanctioned in respect of the Madras circle grades.

4. The Clerical Staff Leave Rules provide that fourteen days' leave on full pay shall be earned for each twelve months' service, cumulative up to one month, but that, it cannot be claimed as a right, and is subject to the convenience of the Bank. The last condition has worked to the detriment of the clerical staff in general, and of the clerks in the Accounts Department in particular, many of whom have been unable to enjoy the leave earned by them for quite a number of years owing to acute shortage of staff in that department. My Committee, therefore, request the authorities that while revising the Leave Rules for the said staff, they should consider the advisability of making such leave cumulative up to two months, instead of one as at present, and to instruct the Heads of Departments to consider leave applications more favourably than in the past.

In closing this application, my Committee hope that the above suggestions, the fulfilment of which is essential for the amelioration of the conditions of life of the Bank employees, will be received by the authorities in the spirit in which they are made, and that they will be kind enough to respond as generously as possible, in the interests of the staff and the efficiency of the Bank.

It is requested that this letter, with your recommendations, be placed before the Managing Director and his reply be communicated to me as early as possible.

Yours faithfully,
A. Mehrally,
President.

19. *Reply from the Secretary.*

THE INDUS BANK, LIMITED.

SIR P. M. ROAD,
BOMBAY, I.

27th September, 1945.

The President,
Indus Bank Staff Association,
BOMBAY.

Dear Sir,

I am in receipt of your letter dated the 20th September, 1945, which was placed by me before the Directors. I have been directed by them to reply to it as follows:—

1. *Late Working Hours*:—The Directors thank you for your suggestions contained in paragraph 1 of your representation, and wish me to state that steps have already been taken to curtail the long hours of work in the Accounts Department by augmenting the staff in the Clearing Section.

2. *Victory Bonus*:—As you are aware, the Directors were pleased to sanction two months' salary as a bonus last year, and the sanction of a further bonus is under their consideration. They desire me, however, to convey this to your Association that there can be no question of the staff being entitled to it and claiming it as a legal right.

3. *Revision of Scales of Pay*:—The scales of pay fixed for the Bombay Division were based on pre-War conditions, and in order to meet the increased cost of living created by the War, dearness allowance is sanctioned to the staff. In the circumstances, no revision of the scales of pay in the Bombay Division, which are more favourable than those of other Divisions, is practicable until conditions show signs of stability.

4. *Leave Rules for Clerical Staff*:—It has not always been possible to allow the staff to enjoy the leave earned by them owing to conditions created by the War. But with the restoration of normal conditions and with the increase in staff, there should be no difficulty in satisfying all applications for leave. From a perusal of the leave records, moreover, I find that the number of those who were prevented from enjoying the leave earned by them was very limited.

In conclusion, I wish to assure the members of your Association that the Directors of the Bank have always taken, and will continue to take, a sympathetic interest in all matters pertaining to the welfare of the Bank Staff.

Yours faithfully,
Jamshed Kanga,
Secretary.

20. Letter accompanying "Return of Allotment"

THE JAI HIND COMPANY, LTD.

14 APOLLO STREET,
BOMBAY. 1.

23rd April, 1943.

The Registrar of Companies,
Apollo Street,
BOMBAY.

Dear Sir,

Re Return of Allotment.

In compliance with Sec. 104 of the Indian Companies Act, 1913, we send herewith the "Return of Allotment" duly completed for allotment of shares made on the 22nd April, 1943.

We also send per bearer a sum of Rs. 3, being the filing fee for the same.

Please acknowledge receipt of the "Return" and the amount.

Yours faithfully,

The Jai Hind Company, Ltd.,

A. B. Lakdawala,

Secretary.

Encl: "Return of Allotment".

21. *Letter intimating change in the Registered address of the Company.*

THE JAI HIND COMPANY, LTD.

112, APOLLO STREET
BOMBAY, 1.

27th May, 1943.

The Registrar of Companies,
Apollo Street,
BOMBAY, 1.

Dear Sir,

We hereby give you notice, in accordance with Section 72 of the Indian Companies Act, 1913, that the Registered Office of the Company was removed from 14, Apollo Street, Fort, Bombay, to 112, Apollo Street, Fort, Bombay, on the 17th May, 1943.

Rupees three being the fee for filing the change is sent per bearer.

Yours faithfully,
The Jai Hind Company, Ltd.,
A. B. Lakdawala,
Secretary.

22. *The Jai Hind Company, accompanying Audited Balance Sheet.*

THE JAI HIND COMPANY, LTD.

112, APOLLO STREET,
BOMBAY, 1.

23rd July, 1945.

The Secy
Anglo S'ys
BOMBAY, 1.

Dear Sir,

Re Section 32 (3) & 134 of the
Indian Companies Act.

In compliance with Section 32 (3) & 134 of the Indian Companies Act, we beg to send herewith for filing the Annual List of Members and Summary duly signed by us, together with the necessary certificate and three copies of the audited ~~Balance~~ Sheet and Profit and Loss Account for the year ended the 31st December, 1944, which were adopted at the Second Ordinary General Meeting of the Shareholders of the Company held on the 19th July, 1945.

Rupees six, being the requisite amount of filing fees in respect of the above, is sent herewith.

Yours faithfully,
The Jai Hind Company, Ltd.,
A. B. Lakdawala,
Secretary.

25. *Letter to the Registrar of Companies, intimating a Director's resignation from another Company.*

THE JAI HIND COMPANY, LTD.

112 Apollo Street,
BOMBAY, 1.
26th August, 1945.

The Registrar of Companies,
Apollo Street,
BOMBAY, 1.

Dear Sir,

In compliance with Section 87 of the Indian Companies Act, 1913, we beg to inform you that Mr. Chhaganlal G. Patel, a Director of this Company, has, by his letter dated the 21st August, 1945, notified to our company that he has ceased to be from the 10th July, 1945, a Director of:-

THE CYCLE HOUSE (GUJERAT) LTD.

The requisite form, duly completed, is sent for filing, together with Rs. 3 as fees for the same.

Yours faithfully,
The Jai Hind Company, Ltd.,
A. B. Lakdawala,
Secretary.

Enc. Form No. XII.

2. *Open Testimonial.*

BIRLA HOUSE,
HORNBY ROAD,
BOMBAY.

3rd September, 1942.

This is to certify that Mr. C. C. Shah has been in our service as a Junior Clerk from the 1st January, 1942 to the 31st August, 1942. During this period he thoroughly satisfied us by his hard work, intelligence, and willingness to carry out the orders of his superiors. We are sorry that the closing down of our business compels us to dispense with his services. However, we wish him success and are pleased to recommend him for the post of a clerk in any commercial office.

Shah, Birla & Co.,
S. T. Noola,
Manager.

Office Testimonial.

TO WHOM IT MAY CONCERN.

The bearer of this letter, Mr. S. S. Joshi, has been in our employ as an Accountant for the last five years, during which time we found him a man of good character, high ability and indefatigable industry. He is obliged to leave us as the climate of Bombay does not agree with the members of his family.

We are sorry to lose his services, but at the same time are eager to see him suitably employed. We, therefore, strongly recommend him for appointment as an Accountant in any reputed business house and shall be glad to answer any enquiries directed to us about him.

For The Carbon Manufacturing Co., Ltd.,

2nd February, 1947.

B. H. Mody,
Manager.

1. *Testimonial from the Head of an Institution.*

BOMBAY SCHOOL OF COMMERCE,
BOMBAY.

1st June, 1946.

This is to certify that J. C. Mehta was a *bona fide* student of this school from 1925 to 1930, and passed the Government Commercial Diploma Examination in the Second Class in April last.

During his stay at the school, Mr. Mehta received instruction in English including Commercial Correspondence, Commercial Arithmetic, Commercial Geography, Office Routine, Book-Keeping and Accountancy, the last being his optional subject.

Mr. Mehta was regular in attendance and diligent in his studies. He was liked by his teachers as well as his classmates because of his pleasing manners. He bears a good moral character. I wish him a successful career.

A. T. Kaji,
Principal.

Letter to a Referee.

NEW INDIA TRADING COMPANY

18, HORNEY ROAD,
FORT,
BOMBAY.

18th August, 1942.

The Social Stationary Mart,
Queens Road,
BOMBAY,

Dear Sirs,

Mr. J. K. Lal has applied for the post of a Correspondence Clerk in this firm. He has given your name as a referee, stating that he was in your employ from January, 1938, to December, 1941. We shall be obliged if you will let us know what you think of his ability and general trustworthiness, as the position in question is one of considerable responsibility.

Please rest assured that any information you may be pleased to give us will be treated as strictly confidential, and we shall be glad to reciprocate on a similar occasion.

Yours truly,
New India Trading Co.,
B. F. Mody,
General Manager.

6. *Reply from the referee.*

THE SOCIAL STATIONERY MART

QUEENS ROAD,
BOMBAY.

24th August, 1942.

The General Manager,
New India Trading Co.,
Hornby Road,
BOMBAY.

Dear Sir,

In reply to your letter of the 18th August, 1942, we are glad to state that Mr. J. K. Lal was in our service from the 1st January, 1938 to the 31st December, 1941 on which date he resigned with a view to bettering his prospects.

During his association with us, Mr. Lal held the post of Additional Correspondence Clerk, in which position we found him ~~quite~~ efficient in his work and thoroughly trustworthy. We think him suitable for the post for which he is being considered.

Yours truly,
The Social Stationery Mart,
K. K. Sharma.

Application with Paragraph Headings.

39, CURZON SQUARE,
NEW DELHI.

1st June, 1946.

The Principal,
Sydenham College of
Commerce & Economics,
Hornby Road,
BOMBAY, 1.

Sir,

I have the honour to apply for the post of Assistant Lecturer in Commerce, advertised in yesterday's "Times of India", and give below particulars of my qualifications and experience.

<u>Age.</u>	Twenty-five.
<u>Caste.</u>	Brahmin, Hindu.
<u>Native Town.</u>	Delhi.
<u>Nationality.</u>	British Indian Subject.
<u>Education.</u>	Examinations passed with classes obtained:—
	(i) Matriculation of Delhi University, in the 1st Class, in 1938.
	(ii) Intermediate Com- merce of Bombay University, in the 1st Class, in 1940.
	(iii) B.Com. of Bombay University, in the 1st Class, in 1942.
	(iv) M.Com. of Bombay University, in the 1st Class, in 1944.

Activities.
Extra-Curricular

I was—

- (i) A member of
College Cricket, 1939 to 1941.
Eleven.
- (ii) Secretary of the
College Union, from
1939 to 1941.

Teaching Experience.

Since passing the M.Com. Examination in June, 1944, I have been employed as Lecturer in Commerce at the Batliboi Accountancy Institute, Fort, Bombay, which post I hold at present.

Testimonials and
References.

- (i) I attach a copy of a testimonial from the Principal, Sydenham College of Commerce and Economics, about my proficiency in studies, and character.
- (ii) The Principal, Batliboi Accountancy Institute, has allowed me to request you to refer to him for information regarding my work as a Lecturer.

Salary Expected.

I expect an initial monthly salary of Rs. 250/- in the grade advertised. My present salary is Rs. 200/-.

I have the honour to remain,

Sir,

Your most obedient Servant,

Y. G. Bhargava.

*Application from a young man who endeavours to convince
Employer that he knows how to write "Sales Letters" by
using his application itself as a Sales Letter.**

NEW YORK,

1st September, 1940.

Dear Mr. Downey,

It will take about two minutes to read this letter, but it may lead to an understanding between us which will last for many years. At least, will you just relax and listen while I tell you my story.

Frankly, I come to you as a salesman, and that automatically makes you the potential buyer. What I have to sell is used in every business. It is both necessary and important and you could not possibly get along without it. I am not fooling myself with the thought that fancy words of glittering generalities in this letter will make the sale. That would be an insult to your intelligence, and a reflection on your buying ability. Unless I can offer superior, quality and lasting satisfaction, you will not be interested. And *should not be*.

Coming straight to the point, it is a MAN I have for sale—and that man is myself.

Without wasting a lot of time with details about experience and training, which can be explained later, let me simply say that I can write sales letters which *do* get orders. I can write them better than the average man, and for that reason I can get you more orders than you ordinarily would expect.

That is my story in a nutshell—better sales letters more orders extra profit for your business. It is a statement I can prove by performance on the

* *Practical Business Administration*, American Technical society, Chicago, pp. 150-1.

job just as I have done on other jobs. And on that point, I rest my case. If you are not completely satisfied with the pull of your sales letters, if you are anxious to push some new products by mail-selling, then I can absolutely guarantee results on either job. This is not a bit of bragging—just plain unvarnished truth. I do know the technique of writing sales letters—because I have been digging at it for years.

Please let me know when I may see you (Phone K. Earny 6600). At that time I will add the other information about myself that you will want. I am old in experience, but not in years. All of that experience is available—to straighten out any kinks in the letters you are now using, or to write new ones that will increase your sales.

Thank you very much.

Very sincerely yours,

INDEX

- Account—
 - Current, 309
 - Fixed Deposit, 310
 - Savings Bank, 310, 311
- Accuracy, 316
- Address, forms of, 22-6
- Agency—
 - Applications for, 227-8
 - Duration of, 226
 - Terms of, 226-7
- Appeal, 247
- Applications, 389-405
- Assignment, 249, 271, 296
- At station, 55
- Average—
 - General, 292-3
 - Particular, 293
- Bank Correspondence, 309-352
 - Characteristics of, 315-317
 - Classification of, 317-320
- Bank References, 313
- Bankers' Drafts, 315
- Bill of Exchange, 90, 205, 312
- Bill of Lading, 206, 215
- Bonded Warehouses, 187
- Briefly, 2
- Business Letter—
 - Essentials of, 36-43
 - Physical aspects of, 2-3
- C. A. F., 185
- C. I. F., 185
- C. O. D., 56, 72
- Car. Fwd. (Carriage Forward), 56
- Car. Pd. (Carriage Paid), 56
- Cash, Nett, 56
- Cash, Prompt, 56
- Certificate of Origin, 215-216
- Chambers of Commerce, 94
- Circular Letters, 148-162
- Circular Letter of Credit, 314, 336
- Claims, 250, 280, 282-3, 296
- Clearing Agents, 1
- Clearness, 38, 314
- Collection, Methods, 123-5
 - Routine, 126
- Commercial English, 44-50
- Commercial Travellers, 225
- Communication, Main, 29
- Complaints—
 - Adjustment of, 107-122
 - From Shareholders, 355
 - Orders for, 107
 - Compensation, 14-15
 - Conciseness, 41-2
 - Confinement, 213
 - Confidence, 36-5
 - Confusion, 43, 317
 - Cover Note, 270, 276, 7
 - Credit Manager, 1-5
 - Customs Formalities, 211
 - Documents of Title, 312
 - Enclosures, 19
 - Endowment policy, 217
 - Envelope, 5
 - Esquire, 9, 11
 - Export Houses, 184
 - Export Trade, 213-221
 - Ex-ship, 185
 - Ex-warehouse, 56
 - F. A., 293
 - F. A. A., 293
 - F. A. S., 185
 - F. O. B., 185
 - F. O. R., 55
 - F. P. A., 293
 - Fire Insurance - 268-290
 - Assignment of, 271
 - Claim under, 270
 - Kinds of policies, 269
 - Proposal for, 273-4
 - Floating Policy, 294
 - Follow-up letters, 169
 - Form Letters, 181-9, 320
 - Franco, 185
 - Freight, 214
 - Goods—
 - Clearing, 187
 - Loading, 215
 - Securing from ship, 186
 - Shipping, 186
 - Hazardous Goods, 274
 - Heading, 6-7
 - I or We, use of, 32-3
 - Import Houses, 183
 - Import Trade, 183-212
 - Indent, 185-6, 220
 - Indent Business, 183
 - Inside Address, 8-11
 - Insurable Interest, 246
 - Insurance—
 - Forms of, 247
 - Fundamentals of, 245
 - Principle underlying, 244

6-4, rates of, 327-8
piece 204, 216

Letter of Credit, 313
Letter of Hypothecation, 312
Letter of Indication, 315

Letter-head, 2, 7
 Letter-paper, 3-4
 color, 3
 quality, 3
 size, 3

Life Assurance
Assignment, 249
Nomination, 249-250

- Life Assurance Policies —
 - Endowment, 247
 - Joint-lives, 248
 - Whole-life, 247

Loans. 311

Loco. 55

Losses, Marine

Actual total loss, 292

Constructive Total Loss, 2012

Partial Loss, 202-3

Marine Insurance. 291

Assignment of, 296

Claims under, 296-7

Marine Insurance Policies —

Declaration, 291

Floating. 294

Mixed, 2D3

Open, 204

Time, 293

Unvalued, 204

Valued, 293

Voyage, 293

Marking, 214

Mate's Receipt, 215

"Messrs.", 9-10

Mr., 9, 11

Nomination, 249-250

Order Forms, 73, 77-8, 80

Orders

Acknowledgement of, 74

Cancellation of, 74-88

Execution of, 75, 89

Inability to execute, 75, 86

Overdraft facilities, 311

Packings, 213
Paragraphs, 27-34
Participle endings, 34
Payment, terms, 132
Per Pro signatures, 131, 132, 133
Personal Security, 312
Pleonasm, 45
Postscript, 20
Pro forma invoice, 132
Punctuation, 40

Quotation form, 61
Quotations,
 Terms used in, 55-6

Referees, 94
References, 391, 395
 Bank, 92
 Following up, 93
 Trade, 92
Rendu, 185

Sales Letters, 161-182
 Language, 168
 Parts of, 164
 various kinds of appeals, 167
Salutation, 6, 12, 390
Secrecy, 316
Secretary and his duties, 311
Security for loans, 311-312
Shipping goods, 186
Shipping order, 214
Signature 6, 16-19, 392
Status Enquiry Agency, 393
Stocks and Shares, 393
"Stunt" applicant, 393
Superscription, 19
Surrender value, 249, 251-5

Tariff and non-tariff offices, 268
Tautology, 41
Testimonials, 394
Travellers, 225, 228

Verbosity, 42

We, or I, use of 12

"You" attitude, 167

